

## 2Q FY2023 Earnings Announcement

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### Event Summary

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Date : October 31, 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  
Junichi Onoue Board Director, Managing Executive Officer  
Seiichi Yokoyama Executive Officer

### Presentation

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**Moderator:** Now that we are at the appointed time, WOWOW, Inc. will hold a financial result briefing for Q2 of fiscal year ending March 2024. 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.

For the materials to be used in the presentation, please refer to our IR site, financial results briefing materials page. After our presentation, we will be happy to answer any questions you may have.

Now, I would like to introduce today's speakers. Akira Tanaka, President and Chief Executive Officer. Hitoshi Yamamoto, Board Director, Executive Vice President. Board Director and Senior Managing Executive Officer, Tami Ihara. Hideki Tashiro, Senior Managing Executive Officer. Board Director and Managing Executive Officer, Junichi Onoue. Seiichi Yokoyama, Executive Officer.

Tanaka will now present the financial highlights for Q2 of fiscal year ending March 2024. Thank you.

## 2023年度第2四半期決算 ハイライト①

### 加入

- サッカーやテニスなどが好評を得たことなどにより、新規加入は前年同期と比べ増加。しかし、配信サービスとの競争激化などにより、解約件数が増加。結果として正味加入件数は純減。
- サッカーシーズンパスを発売し、新たな顧客を開拓

(単位:千件)

	2022年度2Q	2023年度2Q	前年同期差	前年同期比
新規加入件数	282	296	15	105.2%
解約件数	342	380	38	111.1%
正味加入件数	△61	△84	△23	—
累計正味加入件数	2,620	2,476	△144	94.5%
「UEFAチャンピオンズリーグ UEFAヨーロッパリーグ - 2023-24シーズンパス -」 ※		11	—	—

※シーズンパスの件数は、加入件数には含まれません

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Tanaka: I am Tanaka. Thank you very much for participating in our financial results briefing today.

Tanaka will now present the financial highlights for Q2 of fiscal year ending March 2024. Please see page three on the slides for the materials.

New subscriptions increased YoY as a result of the popularity of sports content, such as Champions League and European League soccer matches, and live music performances by Stray Kids, Tohoshinki, and SUMMER SONIC, as well as by the success of digital marketing measures, which have been strengthened this fiscal year.

However, the number of cancellations also increased, resulting in a net decrease in net subscriptions.

In Q2 of FY2023, there were 296,000 new subscriptions and 380,000 cancellations. Net subscriptions decreased by a net 84,000.

In addition, WOWOW On-Demand PPV was launched in September. The limited season pass for soccer sold out due to favorable customer response. With the launch of this season pass, we received many new subscriptions. We are feeling a favorable response from this new product service.

### 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2Q	2023年度2Q	前年同期差	前年同期比
売上高	38,463	36,614	△1,848	95.2%
経常利益	2,065	1,467	△598	71.0%

※それぞれ百万円未満は切り捨てております。

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Slide four is a highlight of the income and expenses.

Revenue decreased YoY mainly due to lower membership revenue. Ordinary profit decreased despite an improvement in foreign exchange gains (losses) mainly due to the impact of lower profits from lower sales.

## 業績予想の修正について

(単位:千件)

	2023年度 当初計画	2023年度 修正計画	内訳	
			2023年度2Q 実績	2023年度下期 計画
正味加入件数	—	△80	△84	4
累計正味加入件数	2,560	2,480	2,476	2,480

(単位:百万円)

	2023年度 当初計画	2023年度 修正計画	当初計画比較	
			当初計画差	当初計画比
売上高	75,400	75,500	100	100.1%
経常利益	2,500	1,600	△900	64.0%

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Slide five explains the revision of the earnings forecast.

Regarding the number of members, based on the results up to H1, we have revised the number of net subscriptions for FY2023 from plus or minus zero in the original plan to minus 80,000. However, we plan to turn to a net increase in H2.

Although membership revenues are expected to decline, Revenue are expected to increase compared to the initial plan mainly due to the consolidation of Frost International Corporation, which was acquired by WOWOW COMMUNICATIONS INC., from H2.

Ordinary profit is planned to decrease. This is due to strategic program spending to achieve positive membership numbers in H2. We will spend more on programming than originally planned, including the NBA, Paramount+, and major music concerts.

I will introduce the content measures later, but first, the details of Q2 figures will be explained by Mr. Onoue, who is in charge of business administration and management.

## 2023年度第2四半期決算 加入状況

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(単位:千件)

	2022年度2Q	2023年度2Q	前年同期比較	
			前年同期差	前年同期比
新規加入件数	282	296	15	105.2%
解約件数	342	380	38	111.1%
正味加入件数	△61	△84	△23	—
累計正味加入件数	2,620	2,476	△144	94.5%
内) 複数契約*1	368	346	△23	93.8%
内) 宿泊施設契約*2	80	83	3	104.1%
「UEFAチャンピオンズリーグ UEFAヨーロッパリーグ - 2023-24シーズンパス -」*3		11	—	—

※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

※3 シーズンパスの件数は、加入件数には含まれません

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**Onoue:** I am Onoue and I am in charge of corporate management. Thank you. I will explain it myself until the dividend plan on page 14.

First, slide seven, subscription status.

The number of new subscriptions in Q2 of FY2023 was 296,000, an increase of 15,000 YoY. Cancellations totaled 380,000, an increase of 38,000 YoY.

Although new subscriptions were acquired almost as expected, the number of cancellations increased more than initially expected due to intensified competition with distribution services as well as an increase in cancellations due to the termination of purpose-built programs.

As a result, net subscriptions decreased by a net 84,000. The number of subscriptions decreased by 23,000 YoY. Cumulative net subscriptions totaled 2,476,000, a decrease of 144,000 YoY.

As I explained earlier, we have sold season passes for soccer as a new initiative. In addition to the number of subscriptions I just explained, there are 11,000 customers who are enjoying WOWOW.

## 2023年度第2四半期決算 収支状況（連結）

(単位:百万円)

	2022年度2Q		2023年度2Q		前年同期比較	
	実績	収入比	実績	収入比	前年同期差	前年同期比
売上高	38,463	100.0%	<b>36,614</b>	<b>100.0%</b>	△1,848	95.2%
営業利益	2,131	5.5%	<b>1,039</b>	<b>2.8%</b>	△1,091	48.8%
経常利益	2,065	5.4%	<b>1,467</b>	<b>4.0%</b>	△598	71.0%
親会社株主に帰属する 四半期純利益	1,333	3.5%	<b>720</b>	<b>2.0%</b>	△613	54.0%

※それぞれ百万円未満は切り捨てております。

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Slide eight shows the consolidated income and expenses.

Both sales and income decreased YoY. revenue totaled JPY36,614 million. A JPY1,848 million decrease in revenues. Ordinary profit was JPY1,467 million. The decrease was JPY598 million. In addition, an impairment loss of JPY70 million was recorded as an extraordinary loss. A loss on valuation of investment securities of JPY101 million was recorded.

The impairment loss was due to the discontinuation of the development of a content management system for WOWOW On-Demand because of the economic and other advantages of using a cloud service, which was started after the development of the system. The loss on valuation of investment securities was due to impairment losses based on the performance of companies in which we have invested.

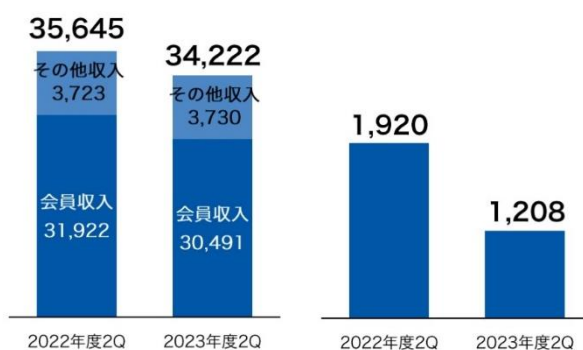
## セグメント別連結売上高/営業利益対比

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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 <b>96.0%</b>	前年同期比 <b>62.9%</b>

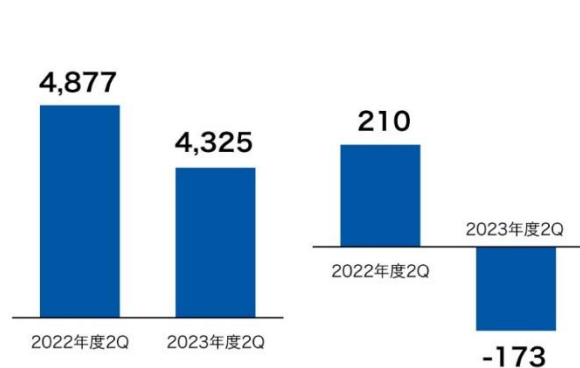


※それぞれ百万円未満は切り捨てております。  
 ※各セグメントの金額は、セグメント間取引を含んでおります。

### 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 <b>88.7%</b>	前年同期比 <b>-</b>



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Page nine shows the status by segment.

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

Revenue decreased by JPY1,423 million mainly due to a JPY1,430 million decrease in membership revenue YoY, caused by a decline in the number of subscribers.

Operating profit decreased by JPY711 million mainly due to the decrease in sales.

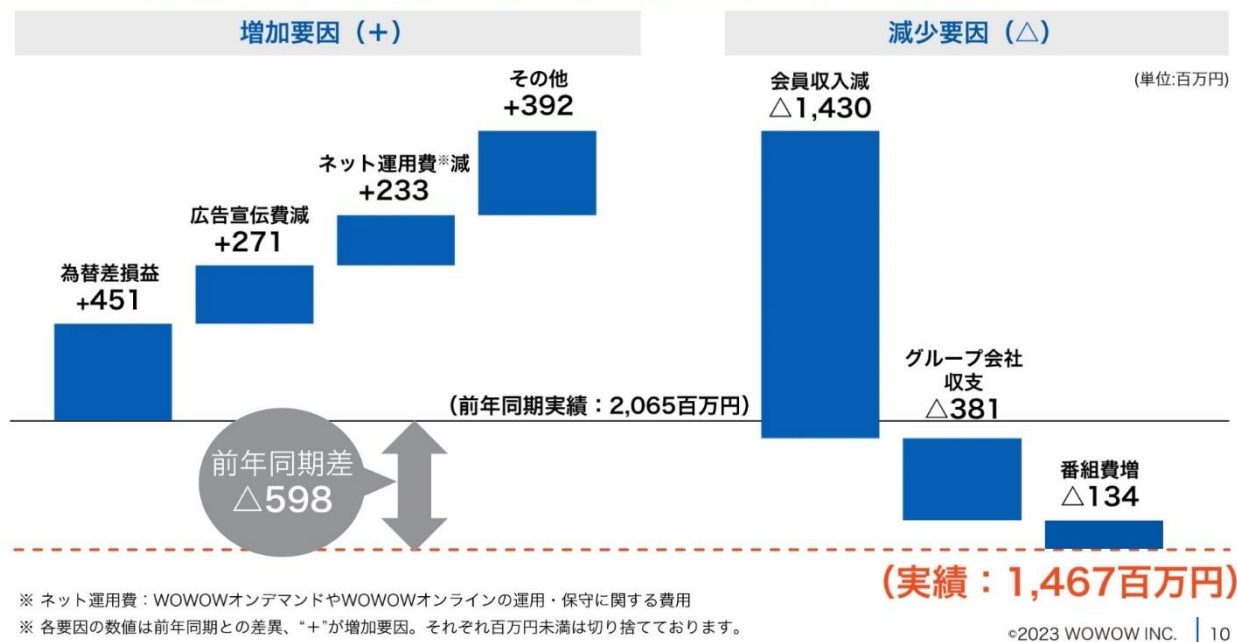
Next is the telemarketing segment. This business is conducted by WOWOW COMMUNICATIONS INC., a consolidated subsidiary.

Revenue declined JPY551 million YoY, mainly due to a decrease in telemarketing services outside the Group.

Operating profit decreased by JPY384 million due to a decrease in sales outside the group and the recording of JPY81 million in acquisition costs from the acquisition of Frost International Corporation in August.

## 連結経常利益 前年同期との差異要因

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Slide 10 shows the variance factors for consolidated ordinary profit. The left portion is the factor increasing profits and the right portion is the factor decreasing profits.

First, factor for the increase.

Foreign exchange gains (losses) improved by JPY451 million YoY. In the same period of the previous fiscal year, the sharp depreciation of the yen caused a valuation loss on foreign currency-denominated accounts payable, which had been recorded at the end of the fiscal year, resulting in a foreign exchange loss, whereas a foreign exchange gain was recorded in the current Q2.

Advertising expenses decreased by JPY271 million YoY. This was mainly due to a decrease in TV commercials.

Net operation expenses are expenses related to the operation and maintenance of WOWOW On-Demand and other services. The decrease was due to expenses related to the renewal of WOWOW On-demand applications in the same period of the previous year. Others are mainly due to a decrease in commissions paid to cable TV and other companies and sales promotion expenses.

Next are factors for the decline.

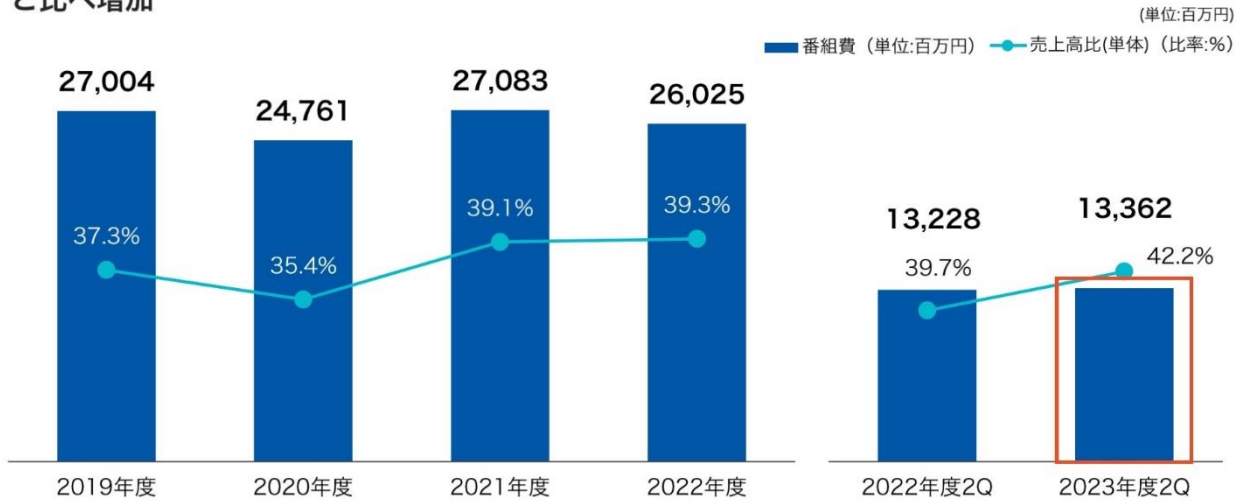
Membership Revenue decreased by JPY1.43 billion. The non-group balance worsened by JPY381 million. In the telemarketing segment, the decrease was due to a decrease in business outside the group, as well as the acquisition costs of JPY81 million for the corporate acquisitions I explained earlier.

Program expenses increased by JPY134 million. I will explain the details 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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Slide 11, shows the trend of the program expenses.

In Q2, program expenses increased by JPY134 million YoY mainly due to the broadcast and distribution of many major Hollywood movie hits and enhanced music programming.

## 2023年度 加入計画 (2023年10月31日公表値)

WOWOW

(単位:千件)

	2022年度 実績	2023年度 当初計画	2023年度 修正計画	内訳		当初 計画差	前期差
				2023年度 2Q実績	2023年度 下期計画		
新規加入件数	551	650	<b>640</b>	296	344	△10	89
解約件数	672	650	<b>720</b>	380	340	70	48
正味加入件数	△121	—	<b>△80</b>	△84	4	△80	41
累計正味加入 件数	2,560	2,560	<b>2,480</b>	2,476	2,480	△80	△80

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Slide 12 shows the FY2023 subscription plan.

The annual net subscriptions will be reduced from plus or minus zero as originally planned to minus 80,000.

We have revised our subscription plan because we do not expect to achieve our original plan in the fiscal year due to the significant impact of intensified competition in distribution services and an increase in cancellations due to the termination of targeted programs. However, in H2, as we will explain later, we will aggressively expand new content and services, such as NBA Basketball and Paramount+, and implement various other measures. Compared to Q2, the Company plans to improve both new subscribers and churn figures and turn the net subscriber number into a positive figure.

## 2023年度 収支計画(連結) (2023年10月31日公表値)

WOWOW

(単位:百万円)

	2022年度 実績	2023年度当初計画		2023年度修正計画		当初 計画差	当初 計画比	前期差	前期比
		計画	収入比	計画	収入比				
売上高	77,101	75,400	100.0%	<b>75,500</b>	<b>100.0%</b>	100	100.1%	△1,601	97.9%
営業利益	3,225	1,800	2.4%	<b>900</b>	<b>1.2%</b>	△900	50.0%	△2,325	27.9%
経常利益	3,547	2,500	3.3%	<b>1,600</b>	<b>2.1%</b>	△900	64.0%	△1,947	45.1%
親会社株主に 帰属する 当期純利益	2,398	1,600	2.1%	<b>700</b>	<b>0.9%</b>	△900	43.8%	△1,698	29.2%

※番組費：単体の売上高比として約40%を見込む（2023年度 単体売上高予想：64,400百万円）  
 ※想定為替レート：1ドル150円 ※それぞれ百万円未満は切り捨てております。

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Slide 13 shows the revenue and expenditure plan for FY2023.

The income and expenditure plan has been revised in line with the revised subscription plan.

Revenue are expected to increase by JPY100 million compared to the initial plan due to the consolidation of Frost International Corporation, which was acquired by WOWOW COMMUNICATIONS INC., from H2, despite an expected decrease in membership income as a result of the revision of the subscription plan.

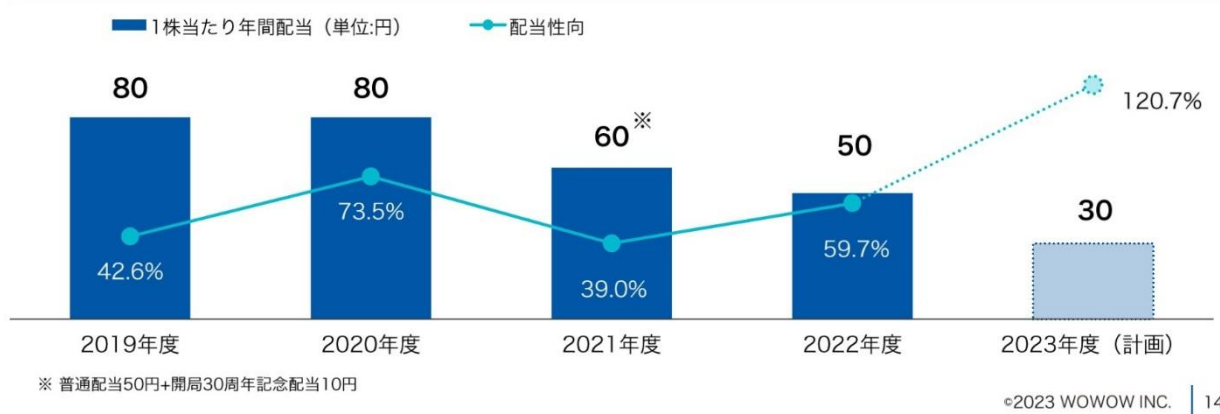
Ordinary profit is expected to decrease by JPY900 million from the original plan due to a decrease in profit from a decline in membership Revenue, and an increase in program expenses as a result of aggressive expansion of new contents and services, such as NBA and Paramount+, as explained earlier, despite our efforts to reduce costs through a thorough review of operations.

## 2023年度 配当計画 (2023年10月31日公表値)

### 配当方針

各事業年度の業績、財務体質の強化、中長期事業戦略などを総合的に勘案して、内部留保の充実を図りつつ、継続的に安定的な配当を目指しております。

### 5カ年配当推移/配当性向



Slide 14 shows the FY2023 dividend plan.

There is no change from the original plan. We plan to pay a dividend of JPY30 per share. This will be the end of my presentation.

**Moderator:** Now, please take a look at the VTR of the upcoming featured programs. [Video Begins]

**Company Representative:** First landed in Japan in December on Paramount+ and WOWOW On-Demand.

Paramount+, WOWOW On-Demand service will begin in December.

NBA Basketball 2023 to 2024 season broadcast and streamed on WOWOW. We can't take our eyes off of the Japanese players who are the center of attention, as well as the star players. Seven games are streamed live each week, five of which are broadcast live with play-by-play commentary.

B'z to broadcast the final performance from their first national tour in five years with the best song selections, all songs uncut and exclusively distributed.

THE LAST ROCKSTARS, a super band with miraculous members. Exclusive live coverage of the final Los Angeles show from the second Japan-US tour.

Eikichi Yazawa is a legend in the rock world. Exclusive live coverage of the 150th Nippon Budokan concert, an unprecedented event.

Co-produced by WOWOW and Tokai TV. Authentic crime suspense. Killing without intent. This incident, Shikamaru may not be unrelated. *Gifted* season 2.

Actually, I have an interesting story. It is said that some Ainu secretly saved money. One

# WOWOW

man stole it. Killing all the Ainu. Knowing how risky a gamble you are taking. Tattoos. Hokkaido will now become a battlefield. If you kill someone, you go to hell? Then, I have a special seat. If you're not ready, give up. The weak get eaten. They are all a bunch of jerks. I can blow out your lifetime candle anytime I want. Wait. I'm prepared to take risks. Don't go. Sugimoto, we will find the gold ourselves. I am Sugimoto, the immortal.

[Video Ends]

WOWOWオンデマンドで「Paramount+」を提供開始

WOWOW

「Paramount+」は世界45カ国以上で事業展開。グローバルの会員数は6,100万人を超えているサービス



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Tashiro: My name is Tashiro and I am in charge of contents and creative management. As introduced in the VTR, I would like to explain about Paramount+ and upcoming featured programs.

Please see slide 16 on page 16.

As we recently announced, we will begin offering Paramount+ on WOWOW On-Demand in December.

Paramount+ is one of the fastest-growing premium services worldwide, operating in 45 countries and with more than 61 million subscribers.

Paramount original series consisting of world-renowned brand and production studio productions from CBS, SHOWTIME, Paramount Pictures, and MTV.

A wide variety of content, including hit programs, popular programs, and popular movies, will be available at no additional charge through the WOWOW On-Demand service.

## 「Paramount+」は豊富なラインナップ

映画、海外ドラマ、人気アニメなど多彩なラインナップをお届け



「トップガン」 ©2022 Paramount Global 「ティファニーで朝食を」 ©1961 Paramount Pictures Corp. Jurow-Shepherd Productions. All Rights Reserved  
 「タルサ・キング」 ©2022 Paramount International 「NCIS: ネイビー犯罪捜査班」 ©2004 ViacomCBS 「パウ・パトロール」 © Viacom International  
 「サウスパーク」 ©2011 Comedy Partners 「リンジー・ローハン・ビーチクラブ〜お騒がせ女優が営む海の家〜」 © Viacom International Inc.

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Please see slide 17.

Here is a partial list of the lineup as of the start of service in December.

The movie lineup will include Hollywood blockbusters and classics, such as *Top Gun*, *Mission: Impossible*, *Transformers*, *Roman Holiday*, and *Ghost*.

In foreign dramas, the new crime drama *Tulsa King* starring Sylvester Stallone will be exclusively available, as well as *NCIS* series, *The Good Wife*, *Dexter*, *Twin Peaks*, and other blockbuster dramas in overwhelming volume.

The diverse and premium lineup will also include popular animated films, such as *PAW Patrol*, *South Park*, and *SpongeBob*, as well as US blockbusters, reality shows, documentaries, live MTV content, and more. Please look forward to it.



### バスケットボールリーグNBA 2023-24シーズン

10月25日(水)開幕

- ・ 毎週7試合ライブ配信、その中から注目の5試合を実況・解説付きで生中継(放送・配信)八村塁(ロサンゼルス・レイカーズ)、渡邊雄太(フェニックス・サンズ)の試合は毎週各1試合を生中継
- ・ プレーオフカンファレンス決勝(最大14試合)とNBAファイナル(最大7試合)は全試合生中継
- ・ NBAオールスターゲームおよびNBAオールスターサタデーも生中継

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Please refer to slide 18.

For the first time in six seasons, the NBA, the world's premier basketball league, is now available for broadcast distribution. We will bring you up to seven games each week of the world's greatest basketball league, the NBA, with the world's most talked-about stars from the World Cup, not to mention Rui Yamura of the prestigious Los Angeles Lakers of the NBA and Yuta Watanabe, who moved to the powerful Phoenix Suns this season.

In addition, a WOWOW NBA Ambassador contract was signed with Yuta Watanabe. We will bring you the fascination of basketball with Watanabe, who will be the face of WOWOW NBA from now on.



		<p>生中継! THE LAST ROCKSTARS The 2nd Tour 2023 "PSYCHO LOVE"</p> <p>11月30日(木)</p>
<p><b>B'z LIVE-GYM Pleasure 2023 -STARS-</b></p> <p>11月25日(土)</p> <p>ベスト選曲による5年ぶりの全国ツアー 「B'z LIVE-GYM Pleasure 2023 -STARS-」 ファイナル公演を全曲ノーカットでお届け</p>		<p>生中継! 矢沢永吉 CONCERT TOUR 2023 「Welcome to Rock'n'Roll」</p> <p>12月14日(木)</p>

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Please see the slide on page 19.

Q3 is filled with the latest live performances by popular artists.

As a closing event to the special feature, we have been presenting since May to commemorate the 35th anniversary of B'z, we will be exclusively broadcasting the final performance of the national tour in November with all songs without any cut.

In addition, THE LAST ROCKSTARS' Los Angeles concert in the US, featuring the miraculous members YOSHIKI, HYDE, SUGIZO, and MIYAVI, will be broadcast live via exclusive broadcast distribution.

Eikichi Yazawa's 150th Budokan concert will also be broadcast live and exclusive.

That's all from me.

## WOWOWオンデマンドPPVを提供開始等

### WOWOWオンデマンドPPVは豊富なラインナップで展開



※「UEFAチャンピオンズリーグ UEFAヨーロッパリーグ - 2023-24シーズンパス -」は販売上限に達したため、ご購入いただけません（金額：11,900円（税込）、視聴可能期間：2024年6月30日（日）午後11:59まで）

### 新たな販路の拡大

- 9月28日（木）よりAppleのApp Store経由で「WOWOW」のご契約が可能に

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Yokoyama: I am Yokoyama, Media Business Supervisor. I will explain to you how we are strengthening our marketing initiatives.

Please see the slide on page 20.

In order to create revenue opportunities and value-added content experiences, WOWOW On-Demand has implemented a new WOWOW On-Demand PPV and began offering the service on September 1.

The UEFA Champions League UEFA Europa League Season Pass went on sale on the same day the service was launched. Approximately 40% of the customers who purchased this product were new customers who had never subscribed to WOWOW before. We are feeling a very good response.

In addition to considering the development of similar products, the Company plans to offer a rich lineup of content not available elsewhere, such as sports and live music concerts.

In addition, following the availability of WOWOW subscription from Amazon Fire TV last year, WOWOW subscription is now available via Apple's App Store as of September 28 this year.

We will continue to make various efforts to meet the needs and lifestyles of our customers. This is the end of my presentation.



KQ Entertainment所属のボーイズグループ《xikers》の日本での単独公演について、放送・配信権の取得に加え、興行、物販、協賛の利用許諾も取得。収益拡大を目指す

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Ihara: My name is Ihara, and I am in charge of business and entertainment management. Thank you. I would like to explain our activities outside of the media business. Please see the slide on page 21.

We are now strengthening our IP business as a new step to expand earnings. As a first step, we have obtained permission to broadcast and distribute the solo performances in Japan of the xikers, a boy group belonging to the Korean entertainment agency KQ Entertainment, as well as to use the event for box office, product sales, and sponsorship.

xikers is a group with unlimited potential, with their first music video receiving over 10 million views in 22 hours. The group is attracting attention among K-pop insiders as a group that shows great promise in terms of both performance and star power. We are looking forward to working together with the group to make their activities in Japan more exciting in the future.

シリーズ累計2,500万部突破のベストセラー漫画  
「ゴールデンカムイ」を実写映画化

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This will be the second. Please see the slide on page 22.

*Golden Kamuy*, a movie for which we are the lead producer, will be released in theaters nationwide on January 19, 2024.

As you saw the trailer in the video above, *Golden Kamuy* is the long-awaited live-action adaptation of the best-selling manga series that has sold more than 25 million copies. The story is set in Hokkaido right after the end of the Russo-Japanese War, featuring an epic survival action in which a battle for gold is waged between a group of unique characters over a vast Ainu treasure trove of gold.

*Golden Kamuy* achieved a record of more than 400 million impressions on Twitter revision X with the August 30 cast announcement release. With over 80% positive response, plus the fact that this is expected content with a solid fan base, we will be strengthening and pushing for more. Please look forward to this movie.

This will be the end of my presentation.

### 連結子会社のWOWOWコミュニケーションズが「フロストインターナショナルコーポレーション株式会社」を買収



事業内容	コールセンター事業、ダイレクトマーケティング事業
設立	1990年9月17日
資本金	97.5百万円
直近業績 (2022年12月期)	売上高：1,137百万円 経常利益：△0百万円
取得原価	933百万円
取得関連費用	81百万円

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Yamamoto: I am Yamamoto, Corporate Strategy Manager. I would like to explain about the M&A that took place in August.

Please see the slide on page 23.

WOWOW COMMUNICATIONS INC., a consolidated subsidiary of the Company, acquired Frost International Corporation, which is engaged in call center and other businesses. The decision to acquire Frost's shares was made based on the belief that the telemarketing segment is expected to grow further and maximize its business value by welcoming Frost into our group.

There is no overlap in clients, target industries, etc., and sales activities, operational know-how, etc., can complement each other with WOWOW COMMUNICATIONS INC..

This concludes our explanation.

## Question & Answer

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

**Questioner A [Q]:** Thank you.

I was wondering if you could help me with one point. I understand that there is a strike going on in Hollywood, and I was wondering if you could tell me how this will affect your company. Thank you.

**Tanaka [M]:** This will be answered by Tashiro, who is in charge of the program.

**Tashiro [A]:** I can't give you specific names of the films yet, but there have actually been cases where films have been delayed in coming into Japan. For now, we are waiting and watching for further developments. Thank you.

**Questioner A[M]:** Thank you very much.

**Moderator [M]:** Thank you very much.

**Questioner B[Q]:** With regard to the company plan, I would like you to explain the factors for the increase or decrease in Revenue and ordinary profit, comparing the pre-revision plan with the revised plan. Assumed and actual amounts, if possible. If it is difficult, could you please explain the image of the size of each factor? That's all from me.

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

**Onoue [A]:** Yes, thank you for your question. I will reply to you.

We will provide you with explanation in terms of consolidated results. With regard to the revision of business performance you mentioned, consolidated Revenue increased by JPY100 million compared to the original plan, and ordinary profit decreased by JPY900 million.

The first factor on a stand-alone basis was that subscriptions were lower than planned. This has resulted in a decrease in membership revenue and a corresponding decrease in profits, which is a major factor.

On the other hand, in the consolidated business, we expect an increase of JPY100 million compared to the initial plan due to the inclusion of Frost International Corporation's sales in H2 as a result of the acquisition of this company by WOWOW COMMUNICATIONS INC., as explained earlier.

I will not discuss the specific impact on Frost International Corporation's revenue, but I would like you to think that it is about half of the actual figures to date and the figures in the document.

Some consolidated companies, including WOWOW Plus, also increased in the previous year.

On the other hand, profits are expected to decrease by 0.9 billion from the previous forecast mainly due to a decrease in profits resulting from a decline in membership

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revenues and an increase in programming expenses due to an aggressive expansion of new content in order to turn the number of net subscriptions positive in H2, despite efforts to reduce costs through a thorough review of operations.

That is my answer to your question.

**Questioner B [M]:** Thank you very much.

**Moderator [M]:** Thank you very much for your question. Since there are no questions, we will finish the session.

Finally, President Tanaka, please say a few words.

**Tanaka [M]:** Once again, thank you very much for attending today's financial results meeting. Finally, I would like to report on the recent leak of personal and other information at our outsourcing partner, which was released on October 18.

As you may have already heard in the press, we have announced the possibility of a leak of personal information, etc. at NTT Marketing Act, a company to which we have outsourced telemarketing operations in the past.

We apologize for any inconvenience this may have caused to our customers.

Since the information that may have been leaked this time does not include payment information, we do not believe that there is any possibility of secondary financial damage, such as unauthorized use of credit cards, in the future.

This case is six to seven years old, and the retention period of our personal information has passed. We are unable to match the data with the period of the leak reported by NTT Marketing Act this time. I appreciate your understanding.

The number of inquiries from customers up to yesterday was 37, and we have received fewer inquiries over the past week.

We take this matter very seriously and will further strengthen our personal information management system, including the supervision of contractors, to prevent a similar situation from occurring again.

We would like to apologize again to our customers for any inconvenience and concern this may have caused.

Thank you very much for joining us today.

**Moderator [M]:** With that, we will conclude the presentation of the financial results for Q2 of FY2023.

Thank you very much for joining us today.

[END]