

FY2023 Earnings Announcement

Event Summary

Date : May 15, 2024 15:30-16:30

Speakers : Hitoshi Yamamoto Representative Director, President & CEO

Tami Ihara Board Director, Senior Managing Executive Officer

Junichi Onoue Board Director, Senior Managing Executive Officer

Presentation

Moderator: Thank you very much for taking time out of your busy schedule today to participate in the financial results briefing session of the fiscal year ended March 2024 of WOWOW INC.

Today, in addition to the venue here, we are also offering it online. Please be advised that a full transcript of the briefing and Q&A session will be posted on our corporate website through an external organization.

For those attending the meeting, please refer to the materials distributed at the meeting, and for those attending online, please refer to the materials posted on the financial results presentation page of our corporate website under “IR Information” and “IR Library.”

There will be time for questions and answers at the end of the session. You can ask questions at the venue or online.

I would now like to introduce the attendees for today's meeting. Hitoshi Yamamoto, Representative Director President & CEO; Tami Ihara, Board Director, Senior Managing Executive Officer; and Junichi Onoue, Board Director, Senior Managing Executive Officer. First, I would like to present the financial highlights for FY2023. President Yamamoto, thank you for your time.

Yamamoto: I am Yamamoto, who assumed the position of Representative Director, President and Chief Executive Officer on April 1. Thank you very much for attending today's financial results briefing.

I will now present the highlights of the FY2023 financial results.

2023年度決算 ハイライト①

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加入

- 新規加入件数はスポーツや音楽ライブ等がけん引し、前期比で増加。解約件数は目的番組など終了などにより増加。
- 2023年度下期の正味加入件数はマイナス9千件となったが、前年同期と比べ大幅に改善
- 「UEFAチャンピオンズリーグ UEFAヨーロッパリーグ - シーズンパス -」などをWOWOWオンデマンドPPVで販売

	2022年度	2023年度	前期差	2022年度下期	2023年度下期	前年同期差
新規加入件数	551	626	75	270	330	60
解約件数	672	718	46	330	338	8
正味加入件数	△121	△92	28	△60	△9	52
累計正味加入件数	2,560	2,467	△92			

(単位:千件)

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Please see slide three on page three.

In FY2023, the number of new subscriptions increased by approximately 70,000 compared to the previous fiscal year, mainly due to the popularity of sports and live music concerts. On the other hand, the number of cancellations increased, mainly due to cancellations resulting from the termination of purpose-built programs.

However, net subscriptions improved by 28,000 compared to the previous year, mainly due to the impact of an increase in the number of new subscriptions. The number of net subscriptions for H2 of the year was minus 9,000, which, while not positive, was a significant improvement compared to the minus 60,000 net subscriptions in the same period of the previous year.

2023年度決算 ハイライト②

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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、広告宣伝費や番組費が減少したものの、売上高の減少による利益減の影響等により、減益に

(単位:百万円)

	2022年度	2023年度	前期差	前期比
売上高	77,101	74,869	△2,231	97.1%
経常利益	3,547	2,057	△1,489	58.0%

※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30円※（予定）

※ 2023年度の期末配当は、2024年5月17日に開催の当社取締役会に付議予定

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Slide four, page four, highlights income and expenses.

Net sales decreased mainly due to a decrease in membership revenue compared to the previous year.

Ordinary income decreased, despite lower advertisement expences and program cost, mainly due to the impact of lower profits from lower sales.

Shareholder Returns. The year-end dividend per share is planned to be JPY30 as initially forecasted. The matter will be discussed at a meeting of the Company's Board of Directors to be held on May 17.

Mr. Onoue, who is in charge of business administration and accounting, will explain the details of the figures.

2023年度決算 加入状況

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(単位:千件)

	2022年度	2023年度	前期比較	
			前期差	前期比
新規加入件数	551	626	75	113.5%
解約件数	672	718	46	106.9%
正味加入件数	△121	△92	28	—
累計正味加入件数	2,560	2,467	△92	96.4%
内) 複数契約*1	357	337	△19	94.6%
内) 宿泊施設契約*2	81	85	3	104.1%

※1 同一契約者による2契約目と3契約目のデジタル契約に割引制度を適用（月額2,530円の視聴料金を990円に割引。金額は税込）

※2 宿泊施設の客室で視聴するための宿泊施設事業者との個別契約

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Onoue: My name is Onoue, Corporate Management, Finance & Accounting Supervisor. I am in charge of investor relations. Thank you very much for your cooperation.

First, slide six, subscription status.

Gross New subscriptions totaled 626,000. The number of subscribers increased by 75,000 compared to the previous fiscal year due to the popularity of sports such as Champions League soccer, live music concerts by B'z and Kis-My-Ft2, and "Serial Drama W Fixer," a major drama series that spans three seasons.

There were 718,000 cancellations. The increase of 46,000 cases was 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 92,000, bringing net cumulative subscriptions to 2,467,000. Although there was a net decrease in net subscriptions, the number of net subscriptions improved by 28,000 compared to the previous year.

Particularly in H2 of the year, net subscriptions were positive from October to December, mainly due to the launch of NBA basketball and Paramount+. As explained earlier, the H2 total was slightly negative and below the plan, but signs of improvement are beginning to emerge.

In addition, although not included in these figures, the number of WOWOW customers who enjoy WOWOW actually increased in H2 of this fiscal year due to the sale of Champions League season passes and other items through WOWOW On-Demand PPV.

2023年度決算 収支状況（連結）

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(単位:百万円)

	2022年度		2023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	77,101	100.0%	74,869	100.0%	△2,231	97.1%
営業利益	3,225	4.2%	1,450	1.9%	△1,775	45.0%
経常利益	3,547	4.6%	2,057	2.7%	△1,489	58.0%
親会社株主に帰属する 当期純利益	2,398	3.1%	1,092	1.5%	△1,306	45.5%

※それぞれ百万円未満は切り捨てております。

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Slide seven, page seven, shows the consolidated income and expenses.

Both sales and profits decreased compared with the previous fiscal year. Revenue were JPY74,869 million, down JPY2,231 million, and ordinary income was JPY2,057 million, down JPY1,489 million.

In addition, impairment losses of JPY70 million and a loss on valuation of investment securities of JPY101 million were recorded as extraordinary losses.

The impairment loss was due to the discontinuation of the development of a content management system for WOWOW On-Demand, as it was more economical to use a cloud service that was launched 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)



※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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Slide eight, page eight, by segment.

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

Revenue decreased by JPY1,678 million, mainly due to a decrease in membership revenue resulting from a decline in the number of subscriptions, although other income increased due to strong performance in the event business and the hotel business of WOWOW Plus, a consolidated subsidiary.

Operating income decreased by JPY1,207 million, mainly due to the decrease in sales.

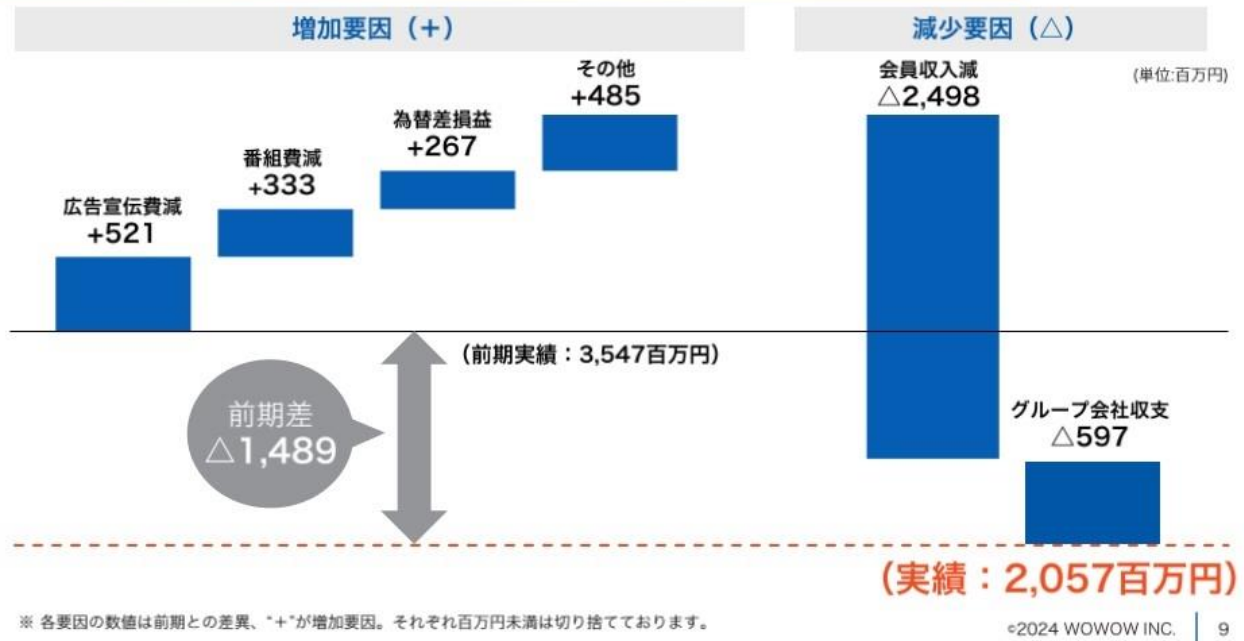
Next is the telemarketing segment. This business is conducted by WOWOW COMMUNICATIONS INC., a consolidated subsidiary.

Revenue decreased by JPY728 million from the previous year, mainly due to a decrease in telemarketing services outside the Group.

Operating income decreased by JPY567 million due to the decrease in revenue, as well as the acquisition cost of the Frost International Corporation acquisition, which took place last August.

連結経常利益 前期との差異要因

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Slide nine, page nine, is the variance factors for consolidated ordinary income. The left-hand side shows the factors that increase profits and the right-hand side shows the factors that decrease profits.

The first factor is the increase.

Advertisement Expenses decreased by JPY521 million from the previous period. This is mainly due to a decrease in TV commercials.

Program cost decreased by JPY333 million. Details are explained on the next page.

Foreign exchange gains (losses) improved by JPY267 million from the previous period. The sharp depreciation of the yen in the previous period resulted in a valuation loss on foreign currency-denominated accounts payable, which had already been recorded, and a foreign exchange loss was recorded.

Other is mainly due to a decrease in fees and commissions paid to cable TV and other platforms.

The next factor is the decline.

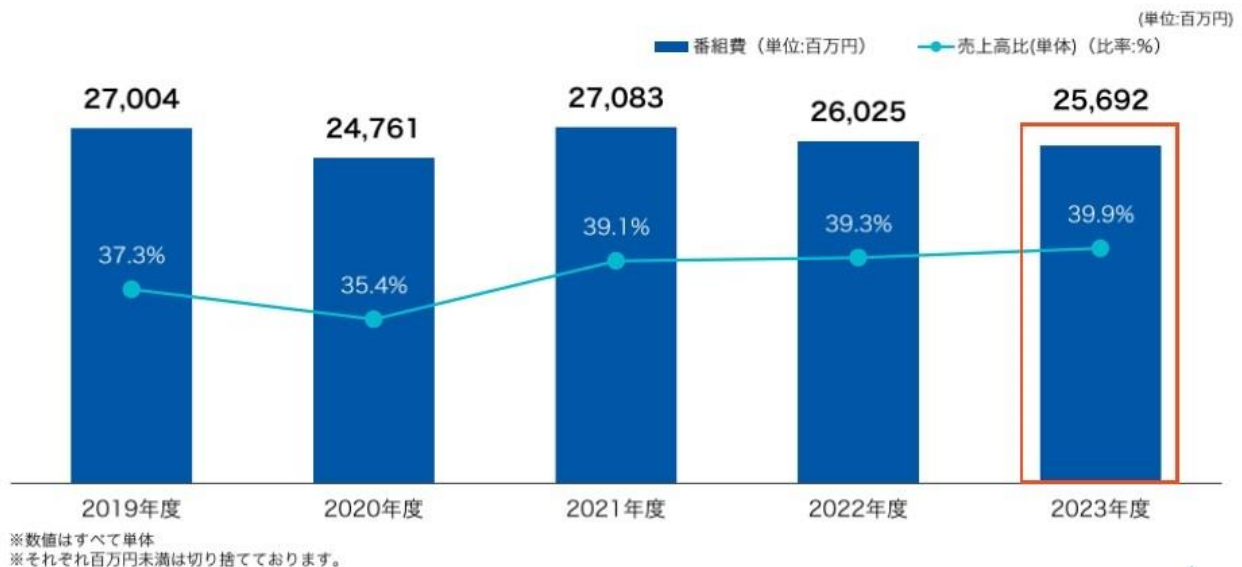
Membership revenue decreased by JPY2,498 million.

Group company income and expenses deteriorated by JPY597 million. The decrease in profits in the telemarketing segment was the main factor.

As a result, these factors resulted in a decrease of JPY1,489 million.

番組費の推移

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Slide 10, page 10, shows the program cost.

In the current fiscal year, broadcasting and distribution of NBA and Paramount+ were launched as new content in H2 of the fiscal year, while in the previous fiscal year, broadcasting and distribution of major content such as original drama TOKYO VICE and La Liga soccer game decreased by JPY333 million compared to the previous fiscal year.

The plan was to increase program cost more aggressively than initially planned in H2 of the year to acquire members. Although this is slightly lower than expected for the year due to the absence of the broadcast and distribution of some sports content that we had anticipated, we believe that our programming expenditures were almost in line with our expectations, leading to an improvement in subscriptions in H2 of the year.

国内外の企業等を対象とした投資実績

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

開始以降の主な投資実績	概要
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	・ 事業概要：コールセンター事業、ダイレクトマーケティング事業
株式会社PLAY	・ 事業概要：動画ソリューション事業
株式会社アルファコード	・ 事業概要：VR/MR LIVE映像配信事業など
ZAICO PTE. LTD.	・ 事業概要：電子チケット販売プラットフォーム「ZAICO」の運営など
DIMENSION2号投資事業有限責任組合	・ 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
Samurai Incubate Fund 7号 投資事業有限責任組合	・ ファンド規模：6,070百万円 ・ 投資対象領域：エンターテインメント、IT、素材・化学、ヘルスケア

Slide 11, page 11, investment results.

In March 2023, the Company began investing in domestic and foreign companies and venture funds with the aim of strengthening existing businesses and creating new businesses. Since the start of the program, we have made investments in a total of seven companies, including investments in venture funds, such as the acquisition of Frost International Corporation by our consolidated subsidiary WOWOW Communications.

We will continue to consider investments in companies and other entities that will contribute to the growth of our group.

That concludes my explanation.

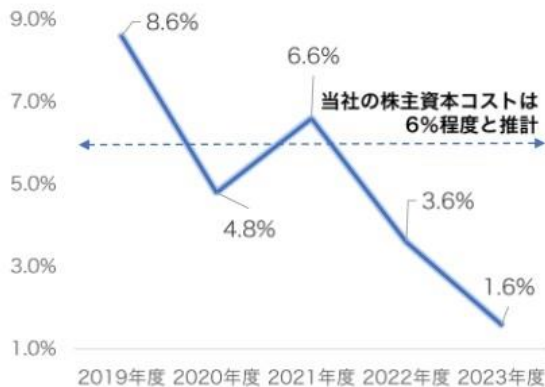
Moderator: Next, Mr. Yamamoto will give an overview of the measures being taken to achieve cost of capital and stock price conscious management, as well as an overview of the business plan for FY2024.

現状分析 - 資本収益性と市場評価について -

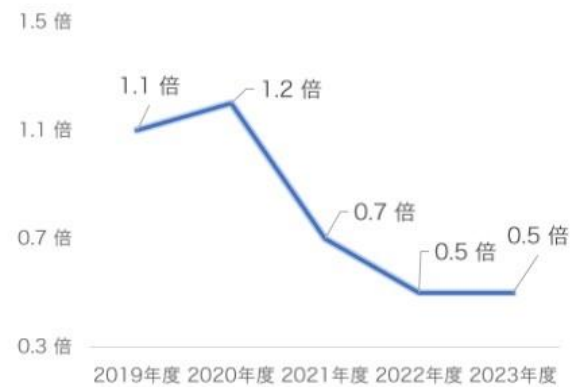
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2018年度まで13期連続で会員数が増加し、着実な利益成長と自己資本利益率（ROE）8%以上のリターンを実現していた。しかしながら、現在は資本コスト※を上回るROEを達成しておらず、株価純資産倍率（PBR）は1倍を割り込んでいる。

ROE推移（2019年度～2023年度）



PBR推移（2019年度～2023年度）



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Yamamoto: Please see slide 13 on page 13.

First, I would like to explain the measures we announced on April 26 to achieve cost of capital and stock price conscious management.

Through FY2018, the Company had achieved 13 consecutive fiscal years of membership growth; steady profit growth; return on equity; and ROE returns of 8% or higher, as well as a price to book ratio and P/B ratio that remained above one time through FY2020.

However, due to rapid changes in the external environment in recent years, such as intensifying competition with distribution services, the number of members has decreased for five consecutive fiscal years, resulting in declining sales and profits in FY2023.

As a result, ROE has not exceeded the cost of capital as of the end of FY2023, and the P/B ratio has not exceeded one time due to factors such as the buildup of equity capital from the posting of profits.

The Company uses the cost of shareholders' equity and CAPM as indicators for calculating the cost of capital. We estimate that figure to be around 6%.

具体的な取り組みについて

成長戦略や財務戦略などを実行し、ROEの向上、PBRの改善を目指す

成長戦略	<ul style="list-style-type: none"> ● メディア・サービス（放送・配信サービス）における構造改革 ● 新サービスの開発による、新たな収益の創出 ● DXの推進およびコスト構造の見直しによる生産性の向上
財務戦略	<ul style="list-style-type: none"> ● 有利子負債の活用も視野に入れた、投資の推進 ● 政策保有株式の縮減 ● 安定的な配当を継続
非財務戦略	<ul style="list-style-type: none"> ● 持続可能な成長を支えるための人的資本投資の拡充 ● SDGsやDEI※を意識したサステナビリティ経営を強化
IRの強化	<ul style="list-style-type: none"> ● 決算説明会やIRミーティング等、株主・投資家との対話の機会を拡充 ● 英文開示の拡充

※ 「Diversity（ダイバーシティ：多様性）」 「Equity（エクイティ：公平性）」 「Inclusion（インクルージョン：包摂性）」

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Please see slide 14 on page 14.

Based on this analysis of the current situation, the Company will work on four points: growth strategy; financial strategy; non-financial strategy; and enhancement of investor relations, in order to quickly achieve a change in the earnings structure for mid- to long-term growth.

In our growth strategy, we will strengthen our earning power through structural reforms in media services and the development of new services to generate new revenues.

In terms of financial strategy, we will promote investment with a view to utilizing interest-bearing debt, as well as reducing strategic shareholdings to improve capital efficiency. Regarding shareholder returns, we intend to continue to pay stable dividends even in a situation of declining sales and profits.

In addition to increasing investment in human capital to support sustainable growth and strengthening sustainability management, we will also enhance investor relations by expanding opportunities for dialogue with investors and enhancing disclosure materials. By implementing these initiatives, we aim to increase ROE and improve PBR.

重点戦略

1.メディア・サービス (放送・配信サービス) における構造改革	<ul style="list-style-type: none"> ● コンテンツにおいては、収益性や多層的な活用を意識した投下を実行 ● 外部企業と連携し、WOWOWの新規パックサービスを提供促進 ● リピーターマーケティング強化による宣伝費の効率的な費用投下
2.新たな収益の創出	<ul style="list-style-type: none"> ● オリジナルコンテンツを軸とした海外事業の展開拡大 ● 音楽・スポーツコンテンツを中心に、多層サービスを開発・提供 ● 新規ビジネス構築に寄与する外部企業との協業をグループ全体で推進
3.DX/投資の推進	<ul style="list-style-type: none"> ● DXの推進およびコスト構造見直しによる生産性向上 ● 会員事業の強化や新規事業創出等を目的とした投資を継続

Please see slide 16 on page 16.

I would like to explain our key strategies for FY2024.

In the severely competitive environment in which we find ourselves, we believe it is imperative to undertake structural reforms in media services and the creation of new revenues in order to strengthen our earnings power.

In structural reforms in media services, the Group will execute investments with an awareness of the profitability and multi-layered utilization of individual content. We also plan to expand new packaged services that compile WOWOW contents in cooperation with outside companies.

In April, WOWSPO, a new service that allows users to view sports content distributed by the Company, was launched on ABEMA. As a result, net subscriptions for the month of April were positive for the first time in 21 years, since 2003.

Furthermore, based on behavioral data from customers who have subscribed to us in the past, we will strengthen repeat customer marketing, which will lead to more efficient investment of advertisement expenses as well as new subscriptions, et cetera.

In the area of new revenue generation, we will expand overseas business development centered on original content. In April, "TOKYO VICE Season 2," co-produced with Max in the US, was broadcast and distributed. In July, a major animation production project, "Bye, Bye, Earth," is coming up, jointly produced by the Company, Sony Pictures, and Crunchyroll, a major US animation distribution company.

Furthermore, the Group as a whole will promote the development and provision of multi-layered services centered on music and sports content, as well as collaboration with

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outside companies that will contribute to building new businesses.

In promoting DX/investment, we will improve productivity and strengthen our management base by promoting DX and reviewing our cost structure, and we will continue to make investments to strengthen our membership business and create new businesses.

2024年度 加入計画

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(単位:千件)

	2023年度 実績	2024年度 計画	前期比較	
			前期差	前期比
正味加入件数	△92	—	92	—
累計正味加入件数	2,467	2,467	—	100.0%

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Slide 17, page 17, FY2024, the subscription plan.

Based on the priority strategies for FY2024, the subscription plan is for net subscriptions to be plus or minus zero, and net cumulative subscriptions to be 2,467,000.

In order to maintain the trend of significant improvement in net subscriptions in H2 of FY2023, this fiscal year, we aim to break out of the negative trend through the serialization of the movie "Golden Kamuy," the launch of "WOWSPO," the implementation of repeater marketing, and continued use of WOWOW On-Demand exclusive content, among other measures.

Since the number of subscriptions via the App Store and the provision of services on various external platforms such as "WOWSPO" has increased, and management forms such as the timing for determining subscriptions and cancellations have diversified, we have decided not to announce the planned numbers of new subscriptions and subscriptions starting this fiscal year. We would appreciate your understanding.

2024年度 収支計画(連結)

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(単位:百万円)

	2023年度実績		2024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	74,869	100.0%	74,700	100.0%	△169	99.8%
営業利益	1,450	1.9%	700	0.9%	△750	48.3%
経常利益	2,057	2.7%	1,500	2.0%	△557	72.9%
親会社株主に帰属する 当期純利益	1,092	1.5%	1,000	1.3%	△92	91.5%

※番組費：単体の売上高比として約40.0%を見込む（2024年度 単体売上高予想：63,600百万円）
 ※想定為替レート：1ドル155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 18, page 18, is the revenue and expenditure plan for FY2024.

The revenue and profit plan for FY2024 is expected to show a decrease in revenue and profit.

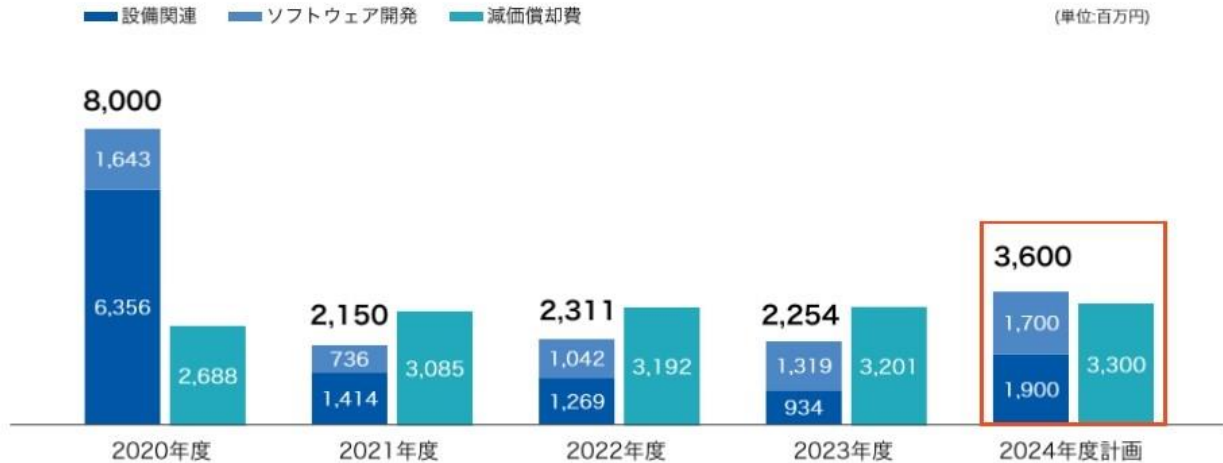
Consolidated revenue are expected to decrease from the previous fiscal year, mainly due to a decline in membership revenue, although the telemarketing segment will see an increase in sales as Frost International Corporation, acquired last August, will make a full-year contribution.

Ordinary income is expected to decrease from the previous fiscal year due to a decrease in membership revenue and an increase in WOWOW On-Demand related expenses, although efficient investment in advertisement expenses and program cost will be a factor in increasing income.

2024年度 投資計画（単体）

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2023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。2024年度は主に放送・配信設備や、会員ビジネスやDX活用に不可欠なデジタル基盤の強化のために設備投資を行なう予定



※それぞれ百万円未満は切り捨てております。

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Slide 19, page 19, is the investment plan for 2024.

In FY2023, the Company invested mainly in broadcasting and distribution facilities and in the renovation of customer management systems. Planned capital investment for FY2024 is JPY3.6 billion. We plan to make capital investments mainly to strengthen our digital infrastructure, which is essential for our broadcasting and distribution facilities, membership business, and DX utilization.

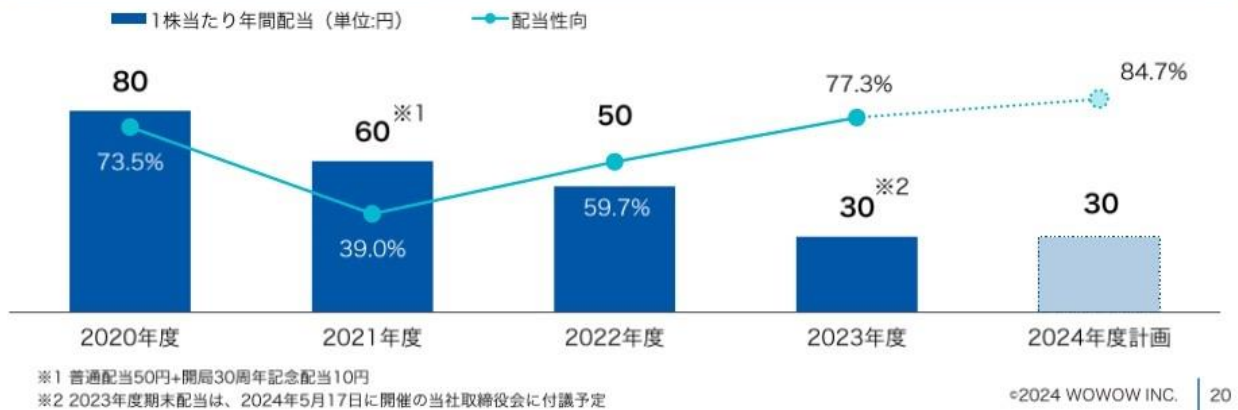
2024年度 配当計画

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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す

5カ年配当推移/配当性向



Slide 20, page 20, is the 2024 dividend plan.

We plan to pay a dividend of JPY30 per share.

With respect to the evaluation of shareholder returns, the Company recognizes the importance of such returns and has therefore decided to maintain its policy of paying stable dividends on an ongoing basis, even in the face of declining sales and profits.

That concludes my explanation.

コンテンツを軸に収益を多層化

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Ihara: Hello. My name is Ihara, and I will be overseeing WOWOW's Business & Development & Strategy from April. Once again, thank you for your cooperation.

I would like to supplement the key strategies that Yamamoto just explained.

We have already decided to broadcast and distribute the Champions League, which you have just seen, exclusively next season. Next season, the number of clubs competing in the Champions League will increase from 32 to 36. In addition, the new format of the tournament, in which all 36 participating clubs will play in one big league, will attract more attention, as the previous group stage system will be abolished.

In addition to broadcasting and distributing the Champions League in the previous fiscal year, the Company also sold season passes and final tournament passes. In addition, we developed corporate contracts, including partnerships with HUB and KAIKATSU CLUB. We will continue to promote initiatives that will lead to increased earnings this season.

Live viewing of this season's finals will also be available at 4:00 AM on June 2, when the finals will be held, on movie theater screens. We have already received more reservations than expected. We hope to continue to increase the enjoyment of soccer in various forms this term.

Also in July, a large-scale animation production project jointly undertaken by three companies, "Bye, Bye, Earth." In addition to being broadcast and distributed by the Company, the program will be distributed on various distribution platforms.

Furthermore, in partnership with Sony Pictures and Crunchyroll, the Company aims to expand overseas to more than 200 countries and regions, mainly in North America, Europe, and throughout Asia, as well as to develop multi-layered development such as game and

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merchandise adaptations.

新サービス「WOWSPO」がスタート

WOWOW

WOWOWが配信するスポーツコンテンツを視聴できる新サービス「WOWSPO (ワウスポ)」をABEMAにてサービス開始



※ 「WOWSPO」は「WOWOW」とは提供番組やサービス内容が異なります

※ 配信するコンテンツは上記から変更になる場合があります

※ 「WOWSPO」はWOWOWオンデマンドからはご利用いただけません。ABEMAのアプリまたはブラウザから登録・視聴いただけます

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23

Slide 23, page 23.

In order to provide sports fans with more opportunities to come in contact with WOWOW, we have launched WOWSPO, a new service that allows viewers to watch sports content distributed by the Company, including the UEFA Champions League.

WOWSPO is a monthly subscription service for JPY1,980 that allows viewers to enjoy selected world-class sports on a subscription basis. The service was launched on April 2 at ABEMA and has been very well received, with 89,000 new subscriptions in April, including "WOWSPO" at ABEMA, more than doubling the number of subscriptions in the same period last year.

大型オリジナルドラマを展開

WOWOW

	<p>TOKYO VICE Season2</p> <p>4月6日(土)スタート(全10話) [第1話無料放送]</p>	
	<p>WOWOW×テレビ東京 共同製作連続ドラマ ダブルチート 偽りの警官 Season2</p> <p>6月29日(土)放送・配信スタート</p>	<p>連続ドラマW ゴールデンカムイ -北海道刺青囚人争奪編-</p> <p>今秋放送・配信</p> <p>大ヒットの映画版続編となるドラマシリーズ版第1弾を 今秋、放送・配信</p>

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Slide 24, page 24.

Since April, we have been developing Season 2 of the blockbuster drama "TOKYO VICE," which has been broadcast and distributed in approximately 120 countries around the world. We will continue to promote the development of content through international co-productions with a view to expanding our overseas business.

In June, WOWOW and TV Tokyo will co-produce "Double Cheat: The False Cop" for the first time, and in the fall, the sequel to the movie "Golden Kamuy" will be broadcast and distributed as a serial drama W, which was a big hit with box-office revenue of approximately JPY3 billion and an audience of over 2 million.

WOWOW FILMS最新作が公開

WOWOW

	<p>WOWOW FILMS 『ミッシング』</p> <p>5月17日(金)公開</p> <p>監督・脚本: 吉田恵輔 出演: 石原さとみ 中村倫也 青木崇高 他</p>		<p>WOWOW FILMS 『ディア・ファミリー』</p> <p>6月14日(金)公開</p> <p>原作: 清武英利 監督: 月川翔 脚本: 林民夫 出演: 大泉洋 菅野美穂 福本莉子 新井美羽 川栄李奈 他</p>
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Slide 25, page 25.

WOWOW FILMS' latest two films will be released in theaters. "Missing," which is the first movie that Satomi Ishihara appeared in after giving birth, and "Dear Family," which is a story based on a true story and played by Yo Oizumi. We will be handing out theater tickets for "Missing" and "Dear Family" only to those who come to the venue. We hope you will take this opportunity to visit the theater.

That concludes our explanation. Thank you for your attention.

Question & Answer

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

Now, please ask your questions. Please raise your hand if you are attending at the venue or use the raise-your-hand button if you are attending online.

Questioner A [Q]: I would like to ask you about the priority strategies you explained earlier. First, in terms of generating new revenue, you mentioned developing and providing multi-layered services centered on music and sports content. What sorts of contents do you imagine?

Another structural reform in media services, you mentioned new packaged services in collaboration with outside companies. Are you planning to provide to other clients other than ABEMA? I would like to ask you two questions there.

Ihara [A]: Thank you for your question.

Regarding the first multi-layer service, until now WOWOW has only provided services through broadcasting and distribution. However, as I have just mentioned, we would like to stage the service in such a way that we can provide customers with a multi-layered experience that has never existed before, based on a single content, for example, enjoying contents at a movie theater or planning a tour. This is the kind of development we envision for our multi-layered service.

As I have just explained, for example, we have acquired some rights for the Champions League. Based on this, our main goal is to create touch points with customers that we have never tried before and to develop new value creation.

In terms of the second point, collaboration with external companies, this time with ABEMA, we will continue to increase opportunities for touchpoints in various forms, including WOWOW's content and high-quality dramas, by forming alliances with other distribution companies.

Questioner A [M]: May I ask you one more question about this?

Moderator [M]: Yes, go ahead.

Questioner A [Q]: I think that WOWOW's content is not exclusive, but on the contrary, is being put out there. For example, the price of ABEMA's "WOWSPO" is a little lower now, isn't it? In such a situation, do you see any fear of so-called cannibalism, that is, a decrease in the number of subscriptions to WOWOW itself?

Ihara [A]: Thank you very much.

We are also simulating such a thing in advance. As a result, we expect some cannibalism to occur, of course, but in terms of reaching new targets, in ABEMA's case, we expect it to be positive. Through the ABEMA contract and the WOWSPO project, we have realized that this approach is a winning strategy for us, as we have been able to expand to a target

WOWOW

audience that we had not been able to reach with our platform.

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

Moderator [M]: Thank you for your question. Does anyone have any other questions?

Questioner B [Q]: I have two questions and one confirmation question, and I would like to ask them in turn. My first question is regarding the priority strategies. The third item in the first section, "Structural Reforms in Media and Services," includes the statement, "Efficiently allocate advertisement expenses by strengthening repeater marketing." When I think of repeat marketing, I simply think of things like sending emails again to customers who have quit, but if you have a different approach in mind, could you please let us know? Thank you.

Ihara [A]: Thank you very much.

In terms of marketing, until now we have been doing relatively large or simple things, such as acquiring new customers and churn. I wonder if we have been strategically acquiring repeat customers, but I think we have been a little weak in this area. I think that by strengthening the system, we can develop our marketing more efficiently.

We believe that once people have used our services and like our services, we can market effectively by providing them with services and content that match their needs.

This does not mean that we will stop marketing to acquire new customers, which we have been doing up to now, but we believe that we will be able to achieve more effective marketing results by approaching those who have already experienced our services, including those we have been doing up to now. This is what we are trying to do.

Questioner B [Q]: I think there are many ways to get repeat customers, for example, by offering special offers, for example, we want you to become a repeat customer and you can join on these terms and conditions. Or are you thinking of offering WOWSPO to customers whose data marketing has proven that they are sports enthusiasts?

Ihara [A]: Thank you for all your ideas.

We would like to provide information that is more valuable to our clients based on our understanding of their behavior and preferences.

Questioner B [Q]: I understand.

Now for my second question. This is also related to the priority strategies. It states, "We will collaborate with outside companies to promote WOWOW's new packaged service offerings." I think it was mentioned in the Q&A earlier.

I've heard a lot about your thoughts, but from a broader perspective, can you tell us what led you to the idea of offering more and more packaged services in collaboration with outside companies?

For example, in terms of market strategy, in the past WOWOW worked hard to acquire subscribers on its own, but that is no longer the case. Is there a decision that it would be more efficient to work with external services?

Yamamoto [A]: Thank you for your question.

I think it is good to think that we have stepped up. First of all, we created a traffic line on WOWOW On-Demand, which allows users to subscribe even if they do not have a B-CAS card.

As the next step, we have launched a TVOD service within WOWOW On-Demand. Next, we are planning to expand our service to other platforms after confirming the rights to our content, and I hope you understand that we are taking a step up from broadcasting-only services.

In the broadcast-only era, one product was a three-channel service for JPY2,300. Distribution, on the other hand, is an unprecedented initiative by WOWOW to actively develop new products and work with new platforms in terms of flexibility, including price.

Questioner B [Q]: Thank you very much.

Last, I would like to ask for your confirmation that the monthly subscription results that you will announce in the future will naturally include subscribers acquired through other platform services such as WOWSPO.

Yamamoto [A]: Yes, I think that is a fine interpretation. However, things like the Champions League season packs are considered differently from the so-called monthly fee, so they are not included.

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

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

Questioner C [Q]: Thank you very much. When I look at the earnings report, operating profit for H1 of the current financial year is zero, and it looks like you will earn money in H2 of the year. I'm a little uninformed and embarrassed to say this, but what is the meaning of the above and below? I am a little surprised that the number is zero, but what should we think about this?

Onoue [A]: Okay, Onoue will explain. Thank you for your question.

One reason for the difference in profits is that sales are higher in H2 of the year than in H1. In terms of membership revenue, the reason for the difference in membership revenue is the impact of the Champions League ending in H1 compared to H2, and the expected increase in subscriptions in H2 due to the Golden Kamuy drama.

In addition, in other income, sales in H2 of the year are expected to be higher than in H1. While H1 of the year is expected to include sales from the "Golden Kamuy" movie, H2 of the year is expected to include much of the event business. I have answered the above.

Questioner C [Q]: Second, I will end with this, but you mentioned earlier that the number of members is showing signs of emerging from a negative trend, and that the plan for this fiscal year is plus or minus zero. What is your outlook for this plus/minus zero, and how do you expect to bring it to a positive level through various measures in the future?

Yamamoto [A]: We introduced Paramount+ in H2 of last fiscal year, and since the use of

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WOWOW On-Demand is increasing, we expect to reduce cancellations as existing customers become more satisfied. We expect a plus/minus of zero for the current fiscal year due to two effects: (1) an increase in subscriptions through new channels such as the introduction of new sports packages, et cetera, and (2) an increase in subscriptions from outside platforms.

Questioner C [M]: Yes, I understand. Thank you very much.

Moderator [M]: Thank you very much for your question, Do you have any other questions?

Questioner D [Q]: Although members are now beginning to see a break from the negative trend, operating income first fell by half in the previous fiscal year and will fall by half again in the current fiscal year. Can you please tell us why this halving and halving continues even though the number of members comes almost side by side?

Onoue [A]: Thank you for your question.

That is the case if we look at the number of subscriptions at the end of the fiscal year alone, but compared to the number of members separated by each month in the previous fiscal year, the forecast for the current fiscal year is a decrease, and therefore membership revenue is expected to decrease.

Naturally, as you know, the number of members will increase or decrease each month. In the end, membership revenue is the sum of the number of subscriptions in each month, and membership revenue fluctuates depending on the increase or decrease in the number of subscriptions.

Profits are expected to decrease from the previous fiscal year due to a decline in membership revenue and an increase in WOWOW On-Demand related expenses, although efficient investment in advertising and programming cost will be a factor in the increase in profits.

Moderator [M]: Thank you very much, Are there any other questions?

Questioner E [Q]: In the priority strategy for FY2024, the first slide on page 16 says, "In terms of content, we will make investments with an awareness of profitability and multi-layered utilization." Could you explain more specifically?

Yamamoto [A]: WOWOW is recognized by customers as having strengths in original dramas, sports, and music, and we have been increasing subscribers with such content. In order to make better use of this strength, we have also made organizational changes in April in the form of the Sports Business Bureau and the Music Business Bureau. Our aim is not only to have our programs viewed through so-called broadcasting and distribution, but also to maximize the use of the rights we have and expand our revenues by making multi-layered use of them. The idea is to expand business related to entertainment by developing events around the content, selling merchandise around the world, and more aggressively developing services other than video for customers who like the content, and linking this to business.

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In this regard, we would like to actively develop our commerce business, and we would like to increase the ARPU received from each of our customers by offering a more multi-layered service to fans who like certain content.

Questioner E [Q]: Thank you.

Also, can I make one more point? TOKYO VICE was broadcast and distributed in 120 countries, this is the story of Season 1. In such cases, does WOWOW receive any so-called sales or money from those 120 countries?

Yamamoto [A]: I can't discuss the rights in detail, but please assume that WOWOW has the rights in Japan.

Questioner E [Q]: I hear that commercial broadcasters, especially key commercial broadcasters, are now focusing on overseas development, including by the Ministry of Internal Affairs and Communications, in order to sell their own content not only in Japan but also overseas. Is it difficult to sell WOWOW-produced content overseas?

Yamamoto [A]: We have sold original dramas overseas in the past, but to be honest, I don't think it is that easy to expand on that.

In the current fiscal year, we will be developing content through international co-productions for "TOKYO VICE" and "Bye, Bye, Earth," and we would like to take on the challenge of further expanding the scope of this project in the future. In the future, the Company intends to actively set up overseas operations, such as by sending employees to Los Angeles to strengthen relationships for international co-productions.

Questioner E [M]: Thank you.

Moderator [M]: Thank you very much, Do you have any other questions?

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

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

Yamamoto [M]: Thank you very much for attending today's financial results briefing.

Effective April 1, the management structure was rejuvenated. The executive officers, who are not here today, are also being rejuvenated. We consider FY2024 as a starting year for new WOWOW growth. As I explained earlier, we will work with speed to reform our structure and generate new revenues in media services.

Your continued support would be greatly appreciated. Thank you very much for your time today.

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

Thank you very much for your participation today.

[END]