

FY2024 1Q Earnings Announcement

Event Summary

Date : July 31, 2024 15:30-16:30

Speakers : Hitoshi Yamamoto Representative Director, President & CEO

Junichi Onoue Board Director, Senior Managing Executive Officer

Tami Ihara Board Director, Senior Managing Executive Officer

Presentation

Moderator: Thank you very much for taking time out of your busy schedules today to participate in WOWOW INC.'s financial results briefing for Q1 of FY2024. In addition to the implementation of this venue today, it is also available online. Please note that the content of the briefing and the Q&A session will be posted on our corporate website through an external organization.

If you are attending the meeting online, please refer to the financial reports page, which can be found on our corporate website under IR Information and then IR library. There will be time for questions and answers at the end of the session. You can ask questions either at the venue or via online.

Now, I would like to introduce today's speakers: Hitoshi Yamamoto, Representative Director President & CEO; Junichi Onoue, Board Director, Senior Managing Executive Officer; and Tami Ihara, Board Director, Senior Managing Executive Officer.

First, we will explain the financial highlights for Q1 of FY2024. President Yamamoto, please go ahead.

加入

- 新サービス「WOWSPO」、「UEFAチャンピオンズリーグ」「UEFA EURO 2024™ サッカー欧州選手権」などが好評を得たことにより新規加入件数は増加。一方、目的番組終了などにより解約件数も増加
- 正味加入件数は純減するも、前年同期比で良化

(単位:千件)

	2023年度1Q	2024年度1Q	前年同期差	前年同期比
新規加入件数	158	198	40	125.4%
解約件数	205	238	33	116.2%
正味加入件数	△47	△40	7	—
累計正味加入件数	2,513	2,427	△86	96.6%

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Yamamoto: Thank you for gathering here today in this hot weather. Also, thank you to those joining us on the web. I am Yamamoto, Representative Director President & CEO. I will now explain the highlights of Q1 of FY2024. Please see slide three.

In Q1 of FY2024, there were 198,000 gross new subscriptions and 238,000 cancellations, for a net decrease of 40,000 net new subscriptions. While the number of gross new subscriptions increased YoY due to the launch of the new WOWSPO service and the popularity of soccer and other sports content, the number of cancellations also increased due to the end of purpose-built programs. As a result, the number of net new subscriptions was minus 40,000, a YoY improvement of 7,000, bringing the net cumulative subscriptions to 2.427 million.

収支（連結）

- 売上高は前年同期と比べ「会員収入」が減少したものの、映画事業等の「その他収入」が増加したこと等により増収
- 経常利益は、ラ・リーガなどの大型コンテンツの放送・配信が減少したことなどにより、番組費が減少し、増益に

(単位:百万円)

	2023年度1Q	2024年度1Q	前年同期差	前年同期比
売上高	18,314	18,791	476	102.6%
経常利益	732	1,653	921	225.9%

※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 shows highlights of income and expenses.

Revenue increased due to an increase in other revenues such as movie business, despite a decrease in membership revenues compared to the same period of the previous year. Ordinary income increased due to a decrease in program cost, which was mainly attributable to the absence of broadcasting and transmitted of major content such as LALIGA, which was the case in the same period of the previous year.

「人生をWOWで満たし、 夢中で生きる大人を増やす」

成熟社会において大人がいつまでも若々しく生き続けるように、
大人の日常に、刺激的なエンターテインメントを届け、
人生にWOWをもたらし、WOWで満たしていくことが、
夢中で生きる大人を増やすことにつながる。
世の中を元気にする。
それがWOWOWの社会における存在意義である

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Please refer to slide five.

In May of this year, we established our Purpose. The world is changing at an accelerating pace, and Japan's population is entering an era never before experienced, with more than half of the population over the age of 50. The world of entertainment is changing dramatically too.

Under such circumstances, WOWOW would like to take a step forward with the Purpose of; "fill your life with WOW and increase the number of adults who live enthusiastically." We believe that by bringing exciting entertainment to the daily lives of adults, bringing WOW to their lives and filling them with WOW, we will increase the number of adults who live enthusiastically.

We hope to make FY2024 a year of speedy action with this Purpose. Because of the severe environment, we will take on numerous unprecedented challenges.

企業に求められる人権尊重の責任に対する意識を高め、多様性を尊重する企業文化を醸成すべく、
WOWOWグループにおける
「人権およびDEIに関する方針」を2024年6月に策定

(ご参考) WOWOWグループにおける「人権およびDEIに関する方針」
<https://corporate.wowow.co.jp/society/humanrights/>

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Please refer to slide six.

As you have received our release information, in June, we formulated the WOWOW Group Policy on Human Rights and DEI in order to strengthen our sustainability management. In addition to our determination to fulfill our responsibility to respect human rights, this policy expresses our commitment to contribute to a society that fosters diversity through our core business. In human rights, in order to fulfill our responsibility to respect human rights to our stakeholders in our business activities, the Group will comply with international norms and laws, continuously assess human rights risks, and take appropriate measures to correct and remedy any negative impacts on human rights that become apparent.

In DEI, we believe that we can deliver new value to our customers only when our Group's employees, business partners, and other diverse individuals involved in our business activities can work in their own way, respecting each other's individuality and feeling secure and fulfilled, and we will work to foster a corporate culture that is permeated with DEI.

Next, Mr. Onoue, who oversees corporate management, finance & accounting, will explain the details of the financial figures.

2024年度第1四半期決算 加入状況

WOWOW

(単位:千件)

	2023年度1Q	2024年度1Q	前年同期比較	
			前年同期差	前年同期比
新規加入件数	158	198	40	125.4%
解約件数	205	238	33	116.2%
正味加入件数	△47	△40	7	—
累計正味加入件数	2,513	2,427	△86	96.6%
内) 複数契約*1	350	329	△21	94.1%
内) 宿泊施設契約*2	82	87	5	106.2%

※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, and I am in charge of corporate Management, Finance & Accounting. Thank you.

First, slide eight is regarding the subscription status.

Gross new subscriptions totaled 198,000. The number of subscriptions increased by 40,000 compared to the same period of the previous year due to the new WOWSPO service launched in April, which attracted many young people who had not previously subscribed to WOWOW. This was mainly due to the popularity of soccer content such as UEFA Champions League and UEFA EURO 2024.

There were 238,000 cancellations. The number of cancellations increased by 33,000 compared to the same period of the previous year, mainly due to an increase in cancellations due to the termination of soccer content and other purpose-built programs. As a result, net new subscriptions declined by 40,000. Net cumulative subscriptions totaled 2,427,000, a decrease of 86,000 from the same period last year. Although the number of new net subscriptions was negative, it improved by 7,000 compared to the same period last year.

In addition, although not included in these figures, a season pass combining UEFA EURO 2024, UEFA Champions League and Europa League was sold in June via WOWOW On-Demand on a pay-per-view basis, and the number of customers enjoying WOWOW has improved even more than these figures.

2024年度第1四半期決算 収支状況（連結）

(単位:百万円)

	2023年度1Q		2024年度1Q		前年同期比較	
	実績	収入比	実績	収入比	前年同期差	前年同期比
売上高	18,314	100.0%	18,791	100.0%	476	102.6%
営業利益	531	2.9%	1,398	7.4%	866	262.9%
経常利益	732	4.0%	1,653	8.8%	921	225.9%
親会社株主に帰属する 四半期純利益	451	2.5%	1,107	5.9%	655	245.0%

※それぞれ百万円未満は切り捨てております。

※当連結会計年度は連結子会社である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の決算日を12月31日から当社の連結決算日と同じ3月31日に変更いたしました。そのため、当該連結子会社は15カ月（2024年1月1日～2025年3月31日）を連結対象期間とした変則決算となっております。

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Slide nine shows the consolidated income and expenses.

Compared with the same period of the previous year, both revenue and income increased. Revenue were JPY18,791 million, up JPY476 million. Ordinary income was JPY1,653 million, an increase of JPY921 million. Revenue increased, despite a decline in membership revenue due to a decrease in the number of Subscriber, due to higher revenue in the movie business from the hit movie Golden Kamuy, which was released in January, and higher revenue at group companies.

In addition to the reasons for the increase in revenue, ordinary income increased mainly due to the absence of broadcasting and transmitted of major content compared to the same period of the previous year.

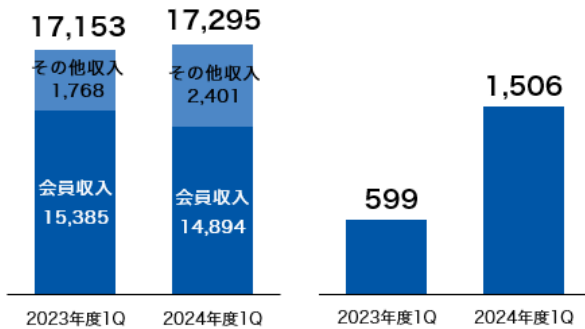
セグメント別連結売上高/営業利益対比

WOWOW

メディア・コンテンツ

(単位:百万円)

売上高	営業利益
前年同期比 100.8%	前年同期比 251.2%

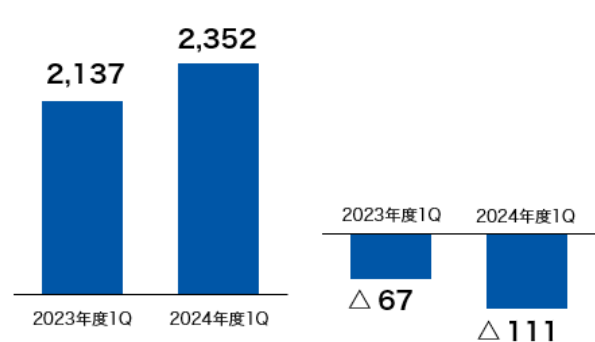


※それぞれ百万円未満は切り捨てております。
 ※各セグメントの金額は、セグメント間取引を含んでおります。

テレマーケティング

(単位:百万円)

売上高	営業利益
前年同期比 110.1%	前年同期比 —



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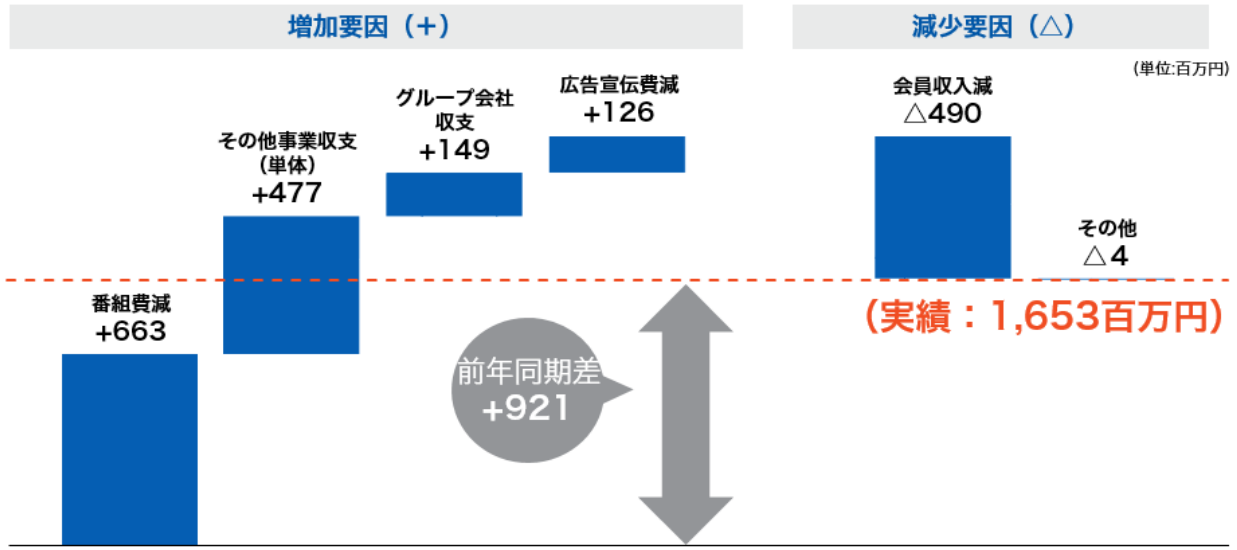
Slide 10 shows the status by segment.

First is the media content segment. Membership revenue, which is primarily a viewing fee from customers, accounts for the majority of revenue. Although membership revenue decreased by JPY490 million from the same period of the previous year, revenue increased by JPY142 million in other income, mainly due to an increase in outside revenue.

from the movie business and subsidiaries. Operating income increased by JPY906 million due to the reasons for the increase in revenue as well as a decrease in program cost.

Next is the telemarketing segment. This business is conducted by WOWOW Communications INC., a consolidated subsidiary. Revenue increased by JPY214 million due to the addition of revenue from Frost International Corporation, which was acquired last fiscal year, despite a decrease in revenue of telemarketing services and other services for external customers. Operating income decreased by JPY44 million, as Frost's income could not offset the decrease in income due to lower revenue from external customers.

連結経常利益 前年同期との差異要因



※各要因の数値は前年同期との差異、「+」が増加要因。
それぞれ百万円未満は切り捨てております。

(前年同期実績: 732百万円)

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Slide 11 is the variance factors for consolidated ordinary income.

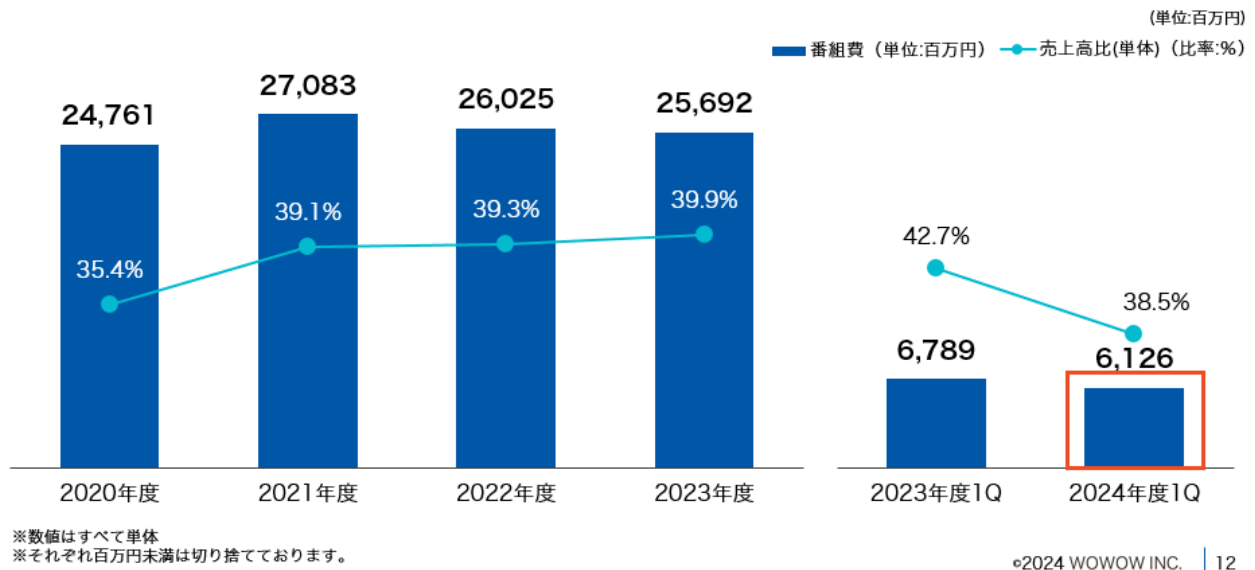
On the left side are the factors that increase income, and on the right side are the factors that decrease income.

The first factor is the increase. Program cost decreased by JPY663 million. I will explain the details on the next page. As for other business income (non-consolidated), this figure increased by JPY477 million. This was mainly due to an increase in revenue in the film business. Income and expenses of group companies increased by JPY149 million, mainly due to an increase in revenue of consolidated subsidiaries outside the Group. In addition, advertising expenses decreased by JPY126 million.

Next are the declining factors. Membership income decreased by JPY490 million. Note that the decrease in membership income was less than the JPY757 million decrease in the same period of the previous year. This was due to an improvement in the decline in new net subscriptions, as well as the addition of soccer season pass revenue, which are not included in subscriptions. We view this as a result of the successful introduction of new services, including the launch of WOWSPO.

番組費の推移

前年同期はラ・リーガなどの大型コンテンツを放送・配信



Slide 12 shows the program cost.

In Q1 of the current fiscal year, the amount decreased by JPY663 million from the same period of the previous year, mainly due to the absence of LALIGA and broadcasting and transmitted of major content such as live music concerts, which was the case in the same period of the previous year.

2024年度 加入計画

(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 13 is the subscription plan for FY2024.

The subscription plan remains unchanged from the figures announced in May of this year, with new net subscriptions plus or minus zero and net cumulative subscriptions of 2,467,000. Although the number of new net subscriptions was minus 40,000 as of Q1, we expect a certain amount of cancellations due to the end of the sports content season, and we anticipate that customers who cancelled their subscriptions due to the start of a new season will gradually return. We will also seek to make improvements through various future initiatives, which will be explained later in this report.

2024年度 収支計画(連結)

(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%

※それぞれ百万円未満は切り捨てております。

※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

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Slide 14 shows the income and expenditure plan.

The revenue and income plan for FY2024 projects a decrease in revenue and income. There is no change here from the May announcement. Revenue is expected to decrease from the previous year, mainly due to a decrease in membership income, although the telemarketing segment will see an increase in revenue, mainly due to the full-year contribution from Frost International Corporation, which was acquired last August.

Ordinary income is expected to decrease from the previous fiscal year due to a decrease in membership income and an increase in WOWOW On-Demand related expenses, despite efforts to improve the cost structure by efficiently investing in advertising and promotional expenses, etc.

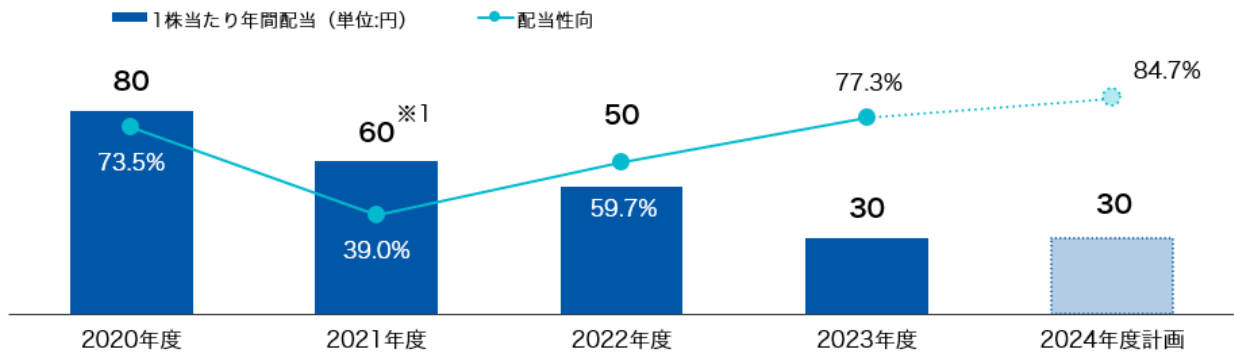
Although ordinary income exceeded the fiscal year plan in Q1, there is no change in the income and expenditure plan for the fiscal year as we plan to introduce major content such as live music concerts, sports content, and original dramas.

2024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

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Slide 15 shows the FY2024 dividend plan.

We plan to pay a dividend of JPY30 per share. There will be no change here either. We recognize the importance of returning income to shareholders. Despite declining revenue and income, the Company maintains a policy of paying stable dividends on an ongoing basis. That is all from my presentation.

収益向上に向けた取り組み①



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Ihara Hello everyone. My name is Ihara, and I am in charge of business & development & strategy. I will now explain our initiatives for Structural Reform of Media Services and Creation of New Profits, which we have set as our key strategies for FY2024.

In Structural Reform of Media Services, we will look deeply into how WOWOW is sold and develop products from various angles. In April, WOWSPO will start in ABEMA. In addition, as in the previous year, we continued to sell season passes for the Champions League and Europa League, which will start in September, and for a limited time we also launched a new combined season pass for UEFA EURO 2024 and the UEFA Champions League and Europa League. These season passes were well received by customers and sold well.

In addition, in generating new revenue, the Company is working to develop and provide multi-layered services based on content. For the recent UEFA EURO 2024, we conducted live viewing at AEON cinemas nationwide and at the HUB, a British-style PUB. On August 15, we will also be working with Aeon Cinema on live viewing of the UEFA Super Cup.

収益向上に向けた取り組み②



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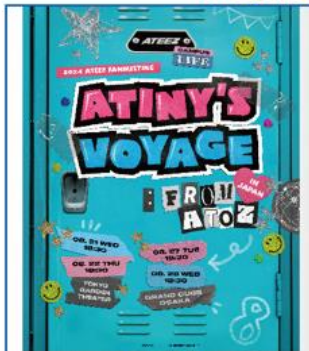
Let's move on to page 18.

For the US Open Tennis Tournament in August, we will collaborate with HIS to offer a tour with a hospitality package, and we will also engage in multi-layered services such as selling goods at our EC store. The Hospitality Package Tour offers special experiences such as access to certain players' areas that spectators are not normally allowed to enter, and use of the hospitality lounge.

We also collaborated with HIS to offer a tour of the Evian Championship, where Furue recently became the fourth Japanese woman to win a major championship. Customers who participated in the tour commented that it was the best spectator tour convention and that they were very happy to have seen it at this moment. And in November, we will also conduct a spectator tour at the LPGA Lotte Championship.

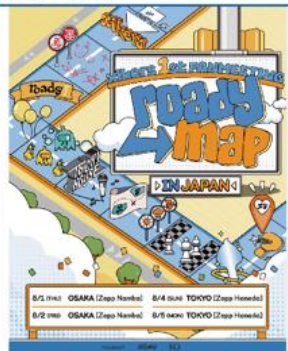
収益向上に向けた取り組み③

IPを活用したビジネス



**ATEEZ 2024 FANMEETING
<ATINY'S VOYAGE : FROM A TO Z>
IN JAPAN**

<東京> 東京ガーデンシアター
8月21日(水)、8月22日(木)
<大阪> グランキューブ大阪
8月27日(火)、8月28日(水)



**xikers 1st FANMEETING :
roadymap IN JAPAN**

<大阪> Zepp Namba
8月1日(木)、8月2日(金)
<東京> Zepp Haneda
8月4日(日)、8月5日(月)

外部動画配信サービスへの提供拡大



連続ドラマW
密告はうたう2 警視庁監察ファイル

8月11日(日・祝)スタート(全8話)【第1話無料放送】
TVerとFODにてシーズン1一挙公開、シーズン2の各話見逃し配信

連続ドラマW-30
磯部磯兵衛物語〜浮世はつらいよ〜

7月12日(金)スタート(全10話)【第1話無料放送】
各話放送後、TVerとFODで見逃し配信

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Slide 19 please.

Last year, we have been working with Korean boy groups, ATEEZ and xikers, to develop multi-layered services by acquiring the rights to broadcast and transmit their solo performances in Japan, as well as licensing for box office, merchandise sales, and sponsorship. In August, ATEEZ and xikers will hold their first fan meetings in Japan, each hosted by our company. ATEEZ is expected to draw a total of approximately 20,000 people over the four days in Tokyo and Osaka, and tickets are expected to sell out. xikers, which is expected to grow in the future, also plans to hold fan meetings in Tokyo and Osaka. A total of 4,000 people is expected to attend the four-day event.

In addition, for original dramas, we will aggressively utilize external video transmitted services such as TVer and FOD in order to increase earnings from advertising revenue.

映画『ゴールデンカムイ』の続編にあたる
ドラマシリーズ第1弾を2024年秋に放送・配信

WOWOW



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Please refer to slide 20.

Starting in October, the sequel to the movie Golden Kamuy will finally be broadcast and transmitted as a serial drama W. With an audience of 2.1 million and box-office revenue of approximately JPY3 billion, the movie Golden Kamuy became the biggest hit in the history of WOWOW FILMS. Beginning in September, special programs will be broadcast and transmitted prior to the drama's broadcast. We will also aim to attract new subscriptions from customers who have seen the film by stepping up promotions.

	<p>4ヶ月連続！NewJeans WOWOW Special</p> <hr/> <p>8月12日(月・休)ほか</p>		<p>COMPLEX 東京ドームLIVE 2024 ～日本一心～</p> <hr/> <p>8月3日(土)</p>
	<p>Vaundy WOWOW original live Special</p> <hr/> <p>9月7日(土)ほか</p>		<p>SUMMER SONIC 2024</p> <hr/> <p>SONICMANIA 8月16日(金) SUMMER SONIC 2024 8月17日(土)、18日(日)</p>

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Please refer to slide 21.

Q2 is filled with the latest live performances by popular artists. NewJeans is a five-member Korean girl group that has taken the world music scene by storm. In August, the first solo fan meeting in Japan will be exclusively broadcast and transmitted. We will feature it for four consecutive months.

In addition, COMPLEX, a unit consisting of Koji Kikkawa and Tomoyasu Hotei, will exclusively broadcast and transmit their Tokyo Dome concert held for the restoration and recovery from the 2024 Noto Peninsula Earthquake.

Two original live performances in collaboration with multi-artist Vaundy and WOWOW will also be presented. And we will continue our exclusive live streaming of SUMMER SONIC, one of Japan's leading urban festivals, as we did last year.

2024年7月、新規事業として、海外作品の日本での映画、ドラマ、CM等の制作プロダクション業務に参入

商号	WOWOW BRIDGE合同会社 (英語表記 WOWOW BRIDGE INC.)
事業内容	映画、ドラマ、CM等の制作プロダクション業務
資本金	10百万円
設立	2024年7月17日
出資比率	株式会社WOWOW 100%

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Please see the slide on page 22.

In recent years, against the backdrop of the enormous increase in the popularity of Japanese content around the world, there has been a move by the public and private sectors to promote measures to attract film and drama location shootings to Japan from abroad.

Seeing this situation as a business opportunity, on July 17, we established a new subsidiary to provide production and production services for films, dramas, commercials and other foreign productions in Japan. The company name was changed to WOWOW BRIDGE to express our desire to become a bridge between Japan and other countries by strengthening cooperation with overseas production companies in the future.

We have been involved in many content production projects with overseas partners, such as TOKYO VICE and documentary programs. By leveraging these past relationships and other factors, the Company aims to win new orders.

In addition to aiming to increase earnings by acquiring new projects, we also aim to acquire global standards in accounting management, labor management, and large-scale filming systems to create a foundation for producing world-class productions in the future.

That is all from my presentation. Thank you.

Question & Answer

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

Anyone with questions will be given a microphone at the venue. Please ask questions after mentioning your company name and name. Please use the raise your hand button to let us know if you are joining us online. If you are attending by phone, please enter an asterisk, then number 9. Let us begin.

Questioner A [Q]: Thank you. I have two questions.

The first point is about program cost. Performance already appears to be quite comfortable relative to the Company's plans. Also, you mentioned that you are preparing to introduce additional content for the full year. I think you have explained that you have left the forecast unchanged for this reason, but in order to achieve growth, do you have an option to use program cost in such a way that the program will be in the red on a quarterly basis in the future? What are your thoughts?

Second, what are the trends in membership? The Q1 results show a fairly large increase in the number of new gross subscribers, and while I wonder if the measures are having an effect, I think the number of cancellations has also increased considerably. Please tell us what strategies and directions you plan to take to retain members in the future. Those are my two questions. Thank you.

Onoue [A]: Thank you for your question. I will respond to this question. Regarding the program cost, we expect the figures to be in line with our original plan. The Company plans to invest approximately JPY25.5 billion, or about 40% of non-consolidated revenue, at about the same level as the previous year.

In addition, since we have the option to strategically increase programming and other expenses to attract new subscriptions, we expect to lose money in the quarter depending on timing. However, of course, it is not only about new subscriptions, but also about stopping churn by taking a good look at existing customers. Or, as Ihara explained earlier, we will develop various services based on content. In this context, we would like to consider how much revenue we can generate from each content while considering the program's investment.

In addition, we would like to consider the value of our content, including the strength of our brand, by taking into account the content that we have already provided to date. We would like to consider the content to be dropped while comprehensively taking these factors into account. That is all from me.

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Ihara [A]: I, Ihara, will answer the second point. The number of members is currently on a downward trend. We are aiming to enhance the benefits of membership by increasing the number of multi-tiered services so that once a customer joins, he or she will stay with us for a long time. We are considering another form of membership benefit that is not just video transmitted and broadcasting.

In addition, we are planning to develop world-class major contents, such as the upcoming drama series W, Golden Kamuy, which will be a hot topic in the near future, so that visitors can further feel the benefits of being a member of the program. That's all from me.

Questioner A [M]: Thank you very much.

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

Questioner B [Q]: Thank you very much for your kind explanation. I would like to ask 2 questions.

I would like to ask President Yamamoto one. Since you became president in April, I have been paying attention to how you are going to make changes, but first of all, now that you've put out your Purpose, I'm wondering how things will change from here on out.

I would like to ask you what you think is the natural current scale of WOWOW's subscribers, revenue, and income at the current cruising speed.

As for the second question, your company used to generate JPY10 billion in ordinary income before COVID-19, so the current income level looks a little low. I am wondering if you are going to make a big leveraging move, or perhaps take a measure that will make a step change.

I assume that you are considering this now, but I would like to ask you what direction you are thinking of taking and what kind of center pin you have in mind. Thank you.

Yamamoto [A]: Thank you for your question. I have been president since April, and I think we have to take various steps. I became president in the midst of a net decrease in subscriptions for five consecutive years and declining revenues and income, so I would like to work on reforms to see how we can get WOWOW back on a growth track.

As you know, WOWOW is a fee-based BS broadcasting service, and its business model is based on membership revenue, which is the sole source of revenue and income. With the number of subscribers decreasing for the fifth consecutive year, we are of course hoping to halt the downward trend and make a positive turnaround on the current basis. However, we have set our business plan of net new subscriptions for the current fiscal year as flat zero, which means that we want to break out of the negative trend first.

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As a reform to achieve this, in the past we have been doing a single product for JPY2,300 for broadcasting and transmitted service for a long time, but we have been working to change our product structure by introducing new products such as TVOD and Season Pass from last fiscal year, and an even newer product called WOWSPO from April this year, which will be sold on an outside platform.

This is in the context of the structural reform of media services, which Ihara explained earlier, but with the number of subscriptions declining, the idea is not to protect the current scale of revenue and income with a single product alone, but to compensate for the decline with a new product, and to protect the current scale of sales and income first. This is linked to the second question, but while income from video services is a very important source of income for WOWOW, we would like to increase income from services other than video, and in terms of expanding new revenue, we would like to expand services other than viewing.

One of the major pillars of our business is the e-commerce business. However, as for the commerce business, it will take time to prepare for it, and we are now hoping to launch an e-commerce business that is unique to WOWOW by the end of this fiscal year, led by Ihara. In a larger sense, we are aiming to expand new revenue by providing various services other than viewing centered on entertainment within WOWOW, which has many entertainment fans, such as travel and sales of official goods as I explained earlier. In this way, we would like to aim for new revenue growth.

We would like to utilize the content production capabilities that WOWOW has built up over the past 30 years to increase revenues from movie productions such as Golden Kamuy, and new businesses such as WOWOW BRIDGE are also new businesses that can only be created with the content production capabilities that WOWOW has built up over the past 30 years. I believe that this fiscal year we will work with a sense of speed to convert the strengths that WOWOW has built up to date into a new source of revenue. Sorry, this is a long story, but that is all.

Questioner B [Q]: To improve profitability, I think it would be quicker to change the cost structure, but for the time being, you will focus on somehow recovering sales at the current level, is that correct? Am I correct in understanding that you are not thinking much about tweaking the cost structure or anything like that?

Yamamoto [A]: Of course, we are constantly reviewing our current costs and cutting costs, but if we simply cut back on the cost of content, it would lead to a negative spiral. Therefore, we would like to develop our services in a way that maintains the content cost. Since investments are necessary to launch new businesses, we intend to make the proper investments to expand new revenues. This does not mean that we are not cutting costs but

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we are committed to making cost reductions where we can.

Questioner B [Q]: I would like to ask you one more question. I think it is obvious from looking at your company that you are cash rich, but I would like to know what you think is the appropriate level of cash, and what direction you are taking with your investments.

Onoue [A]: I, Onoue, will answer. As you can see, we have about JPY30 billion in cash on a consolidated basis. We believe that the appropriate amount will depend on the development of the business structure at the time, but we would like to keep about two months of monthly revenue as working capital to cover various expenses.

We will also invest in growth in various business development, as we announced last year, in order to respond to various investments, including those made by group companies. We have not disclosed the size of this investment, but we would like to invest a certain amount of such cash internally. Regarding the current cash, we would like to invest it now in the area of growth investment, while also considering investment in existing businesses and shareholder returns. We believe this will lead to future growth.

Questioner B [Q]: So, you are investing in the business in terms of direction, but not for the time being in the direction of buying content that is strong, even if it hits PL or is somewhat expensive?

Onoue [A]: That is not to say that we are not thinking about it. As I mentioned earlier, we are not only looking for a temporary increase in subscriptions, but also for what kind of income we can make in the future with that content as the centerpiece.

The most obvious one, as I explained earlier, is that we would acquire the rights to Korean artists and then broadcast and transmit them while dropping them into various services. If the decision is to choose content if it is content that will contribute to future revenue, and if the decision is to invest in the so-called business partnerships or capital at the time, we may invest in those areas. We will make our decisions appropriately on a case-by-case basis.

Moderator [M]: Thank you for your question. Are there any other questions? Since there are no questions, we will finish the session. Mr. Yamamoto, please.

Yamamoto: Thank you very much for attending today's financial results briefing. At the last financial results meeting, we actually did not mention a single word about the EURO 2024 TM Soccer European Championship. The rights for this event were finalized at the last minute, so it could not be included in the program guide, but it was broadcast on short

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notice.

Although ABEMA broadcasted all the games live for free, WOWOW's broadcasting and transmission of the EURO was very well received by soccer fans, and we feel that we have a very good response. In addition, as Ihara mentioned earlier, the set package with the Champions League and the Europa League was also very well received. Although the decision was made in a hurry, we feel that we were able to quickly develop the project.

We have also explained the Human Rights and DEI Policy for Purpose, which was established in May, and for the WOWOW Group, which was established in June. After all, we will continue to make efforts as a company to live up to the significance of WOWOW's existence and the existence value, trust, and expectations of our stakeholders and society. We look forward to your continued support.

Thank you very much.

Moderator [M]: With that, we will conclude the presentation of financial results for Q1 of FY2024. Thank you very much for your participation today.

[END]