

## 1Q FY2021 Earnings Announcement (Teleconference)

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### Event Summary

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Date : July 30, 2021 15:30-16:30

Speakers : Akira Tanaka Representative Director, President & CEO  
Hitoshi Yamamoto Board Director, Executive Officer  
Junichi Onoue Board Director, Executive Officer  
Masanori Gunji Board Director, Executive Officer

### Presentation

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**Moderator:** Moderator: It is now time to start the financial results briefing of WOWOW INC. for Q1 of FY2021.

Thank you very much for your participation today, despite your busy schedule. Please note that the contents of today's briefing and the question and answer session will be released in full through an external organization and posted on our corporate website.

In addition, the materials used in the telephone conference can be found on the financial results briefing materials page of the Company's IR website.

This telephone conference is attended by Akira Tanaka, Representative Director, President and CEO; Hitoshi Yamamoto, Board Director and Executive Officer; Junichi Onoue, Board Director and Executive Officer; and Masanori Gunji, Board Director and Executive Officer. Now, Tanaka will explain the highlights of the financial results for Q1 of FY2021. President Tanaka, thank you.

## 2021年度第1四半期決算 ハイライト

第1四半期としては開局以来過去最高の新規加入件数を獲得

### 加入

- サッカー、ボクシング、テニス、ゴルフなどのスポーツコンテンツが盛り上がりを見せたことに加え、若年層（20代～30代）のお客さまの配信経由での新規加入が増えたことなどにより、第1四半期としては開局以来過去最高となる新規加入件数を獲得
- 第1四半期の新規加入件数の約3割が配信経由

(単位：千件)

	2020年度1Q	2021年度1Q	前年同期差	前年同期比
新規加入件数	100	215	115	214.6%
解約件数	180	177	△3	98.5%
正味加入件数	△80	38	118	—

### 収支(連結)

- 売上高は前年同期と比べ有料放送収入が減少したものの、子会社の外部売上高増加に伴い、増収
- 大型スポーツ番組への戦略的な費用投下等により、経常損失に

(単位：百万円)

	2020年度1Q	2021年度1Q	前年同期差	前年同期比
売上高	19,640	19,968	328	101.7%
営業利益	4,262	△418	△4,680	—
経常利益	4,408	△322	△4,731	—

それぞれ、百万円未満は切り捨てております。

Tanaka: This is Tanaka.

Thank you all very much for attending the telephone conference today. I would now like to explain the financial highlights for Q1 of FY2021.

Please see page 2 of the slides.

In Q1, the number of new subscribers was 215,000, the number of cancellations was 177,000, and the number of net new subscriptions was 38,000.

During Q1, sports events such as the UEFA European Football Championship and the UEFA Champions League, Naoya Inoue's boxing match, the Grand Slam in tennis, and the US Women's Open in golf, which Saso won, were very popular. In addition, there was an increase in the number of new subscribers from younger customers in their 20s and 30s through distribution, resulting in the highest number of new subscribers for Q1 since the station opened.

In Q1, about 30% of the new subscriptions were through distribution. In contrast, 75% of new subscribers via broadcast were in their 40s or older, while 75% of new subscribers via distribution were in their 30s or younger.

As for the income and expenditure,

Revenue increased by JPY328 million mainly due to an increase in external sales of

# WOWOW

subsidiaries, despite a decrease in revenue of paid broadcasting compared to the same period of the previous fiscal year. However, we posted an ordinary loss due to strategic investment for large-scale sports programs.

Now, Onoue, who is in charge of accounting, will explain the details of the figures.

## 2021年度第1四半期 加入状況

(単位：千件)

	2020年度1Q	2021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	100	215	115	214.6%
解約件数	180	177	△3	98.5%
正味加入件数	△80	38	118	—
累計正味加入件数	2,775	2,829	54	102.0%
内) 複数契約*1	403	393	△11	97.4%
内) 宿泊施設契約*2	71	75	4	106.3%

\*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

Onoue: I, Onoue, will now explain up to the major consolidated income and expenditure on page 10.

First, page 3 of the slides shows the subscription status.

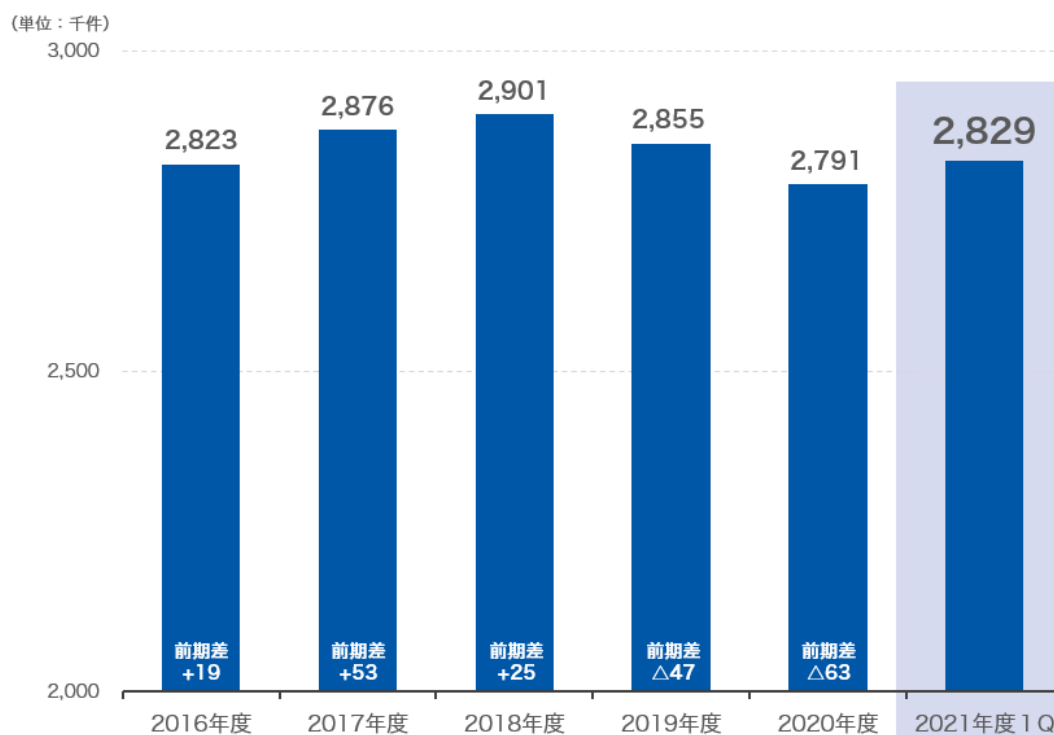
The number of new subscribers was 215,000, an increase of 115,000 compared to the same period last year. The number of cancellations was 177,000, a decrease of 3,000 from the same period last year.

As a result, the number of net new subscriptions was 38,000, an increase of 118,000 compared to the same period last year.

The number of net cumulative subscriptions was 2,829,000, an increase of 54,000 from the same period last year.

In the same period of the previous fiscal year, the number of new subscribers declined due to the postponement and cancellation of live content such as sports due to the coronavirus pandemic. As a result, the number of net new subscriptions was significantly negative.

## 累計正味加入件数の推移



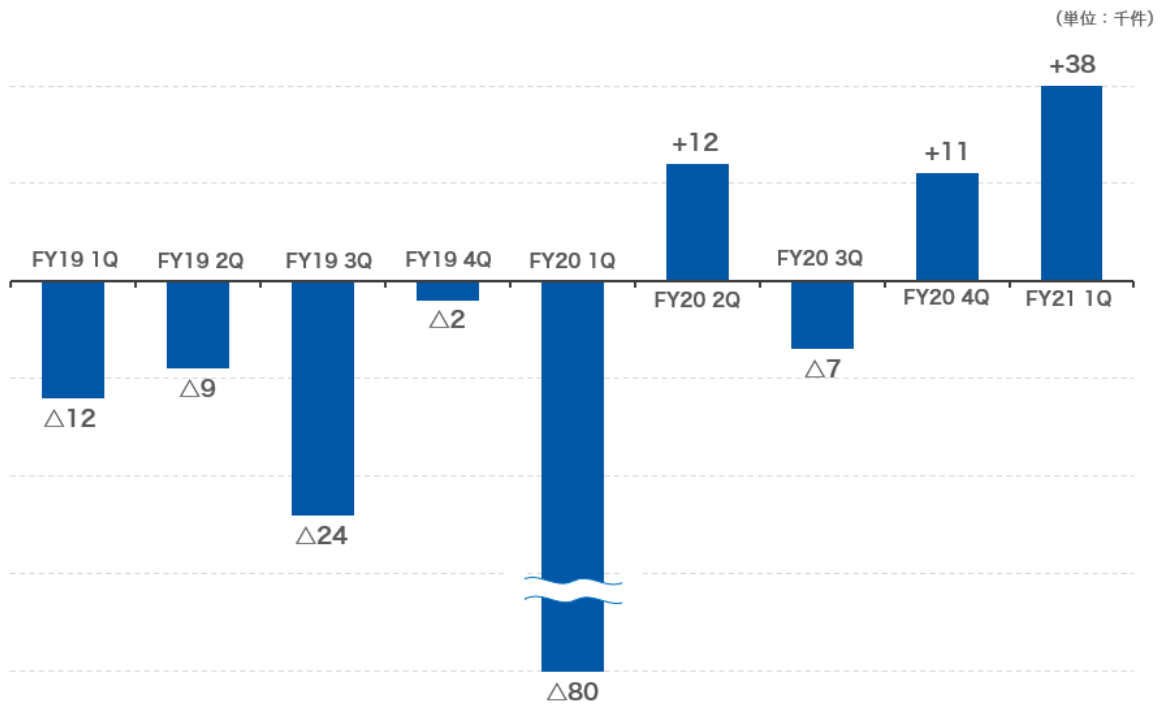
Please see page 4 of the slides.

This shows the transition of net cumulative subscriptions since FY2016.

For FY2021, we will aim to achieve net new subscriptions of 20,000.

## 正味加入件数の推移（四半期推移）

正味加入件数は2四半期連続のプラスに



Please see page 5 of the slides.

This is the quarterly trend of net new subscriptions since FY2019. The number of net new subscribers in Q1 of the current fiscal year saw a quarterly increase for a second consecutive quarter. As you can see, the net decrease continued until Q1 of FY2020. As I explained earlier, there was a significant decrease in net new subscriptions, especially in Q1 of FY2020, due to the impact of coronavirus.

From Q2 of the following fiscal year, live content including sports resumed, WOWOW On-Demand, an all-new on-demand service, was launched, subscription application via distribution was introduced, and in addition, distribution content was enhanced and the broadcasting and distribution of new soccer content, the UEFA Champions League, was launched, resulting in the recovery trend in net new subscriptions.

And in Q1 of FY2021, the number of net new subscriptions was substantial, as I explained earlier.

## 2021年度第1四半期 収支状況

(単位：百万円)

		2020年度1Q		2021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
連 結	売上高	19,640	100.0%	19,968	100.0%	328	101.7%
	営業利益	4,262	21.7%	△418	△2.1%	△4,680	—
	経常利益	4,408	22.4%	△322	△1.6%	△4,731	—
	親会社株主に帰属する 四半期純利益	3,065	15.6%	△185	△0.9%	△3,250	—
単 体	売上高	17,429	100.0%	17,436	100.0%	7	100.0%
	営業利益	4,336	24.9%	△783	△4.5%	△5,119	—
	経常利益	4,694	26.9%	△438	△2.5%	△5,133	—
	四半期純利益	3,328	19.1%	△180	△1.0%	△3,508	—

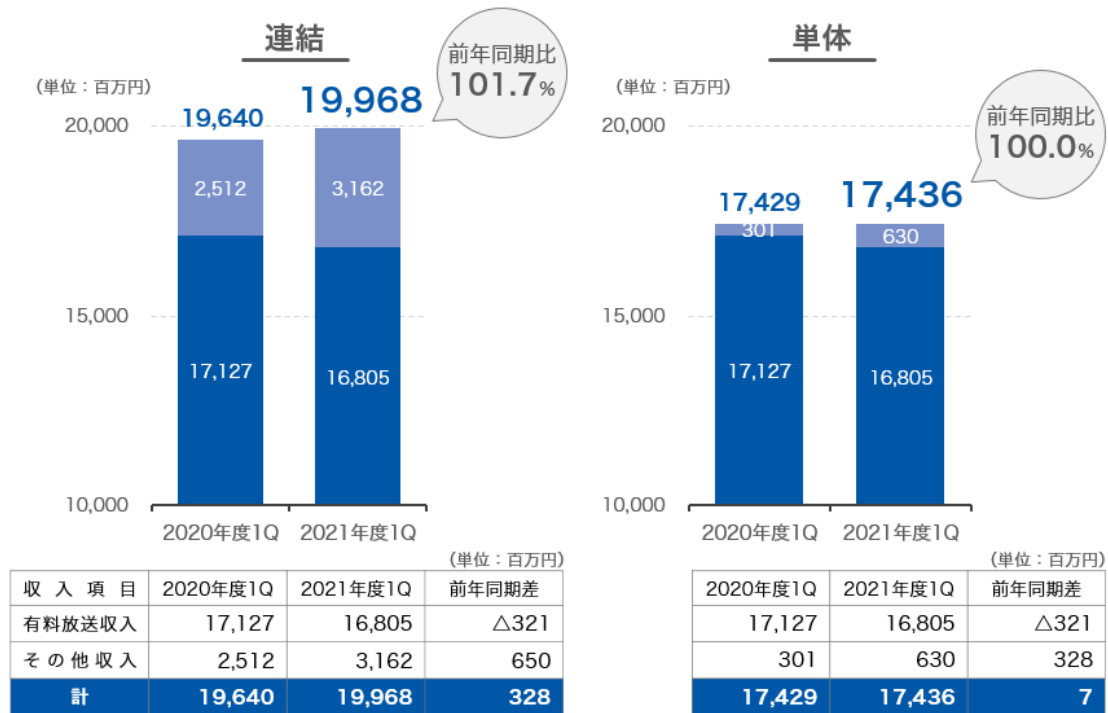
それぞれ、百万円未満は切り捨てております。

Please see page 6 of the slides. This section explains the consolidated income and expenditure situation.

Both sales and profits increased during the quarter compared to the same period last year. Revenue was JPY19,968 million, an increase of JPY328 million over the same period last year. Ordinary income was a negative JPY322 million, a decrease of JPY4,731 million compared to the same period last year.

The factors behind the difference from the same period of the previous fiscal year are explained on the next page and following pages.

## 売上高 前年同期対比



それぞれ、百万円未満は切り捨てております。

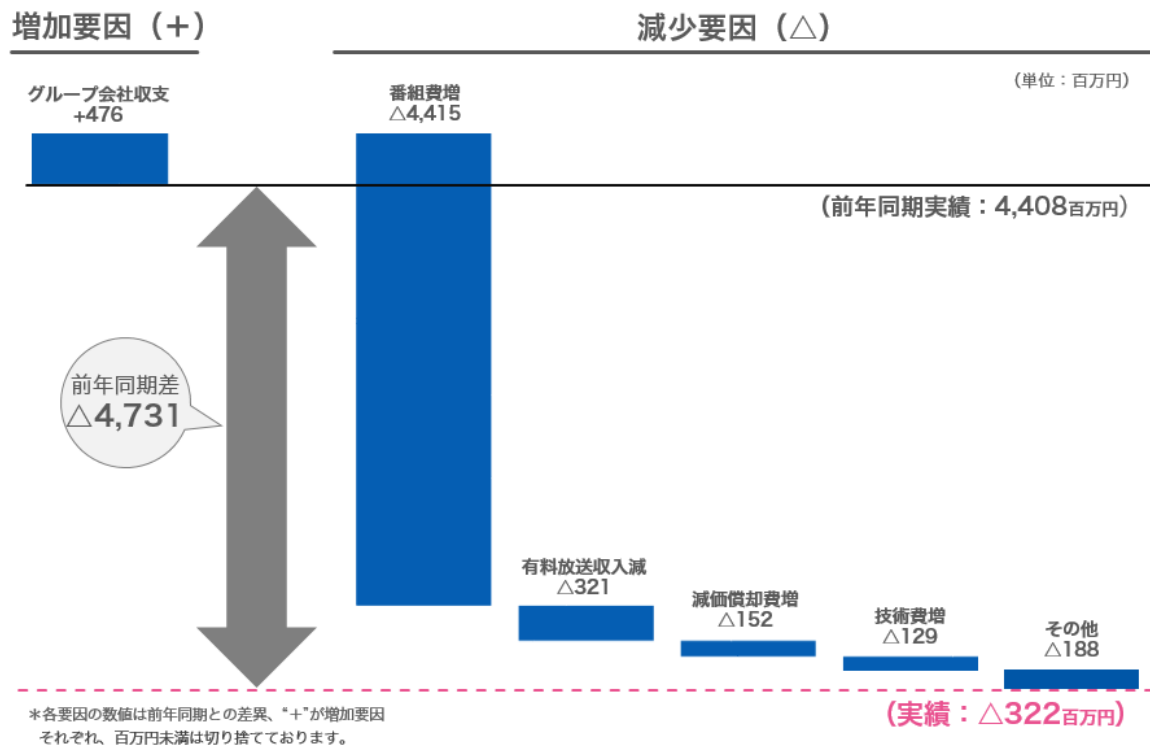
Please see page 7 of the slides. This is a YoY comparison of revenue.

I will explain the consolidated revenue on the left. Consolidated revenue increased by JPY328 million over the same period last year. As a breakdown, paid broadcasting revenue decreased by JPY321 million. This was mainly due to a decrease in the net cumulative subscribers for the period of the sales compared to the same period of the previous fiscal year.

Other revenues include event revenues from WOWOW on a non-consolidated basis and sales of consolidated subsidiaries to non-Group companies. In Q1 under review, sales in the telemarketing business increased by JPY650 million, mainly due to an increase in sales to customers outside the Group.



## 連結経常利益 前年同期との差異要因



Please see page 8 of the slides. This page describes the factors behind the differences in consolidated ordinary income.

In the left part are the factors behind the increase in profits, and in the right part are the factors behind the decrease in profits.

First, I will explain the factors behind the increase. Telemarketing operations and sales of subsidiaries outside of the Group increased compared to the same period of the previous fiscal year, and other factors contributed to the increase in income of Group companies compared to the same period of the previous fiscal year.

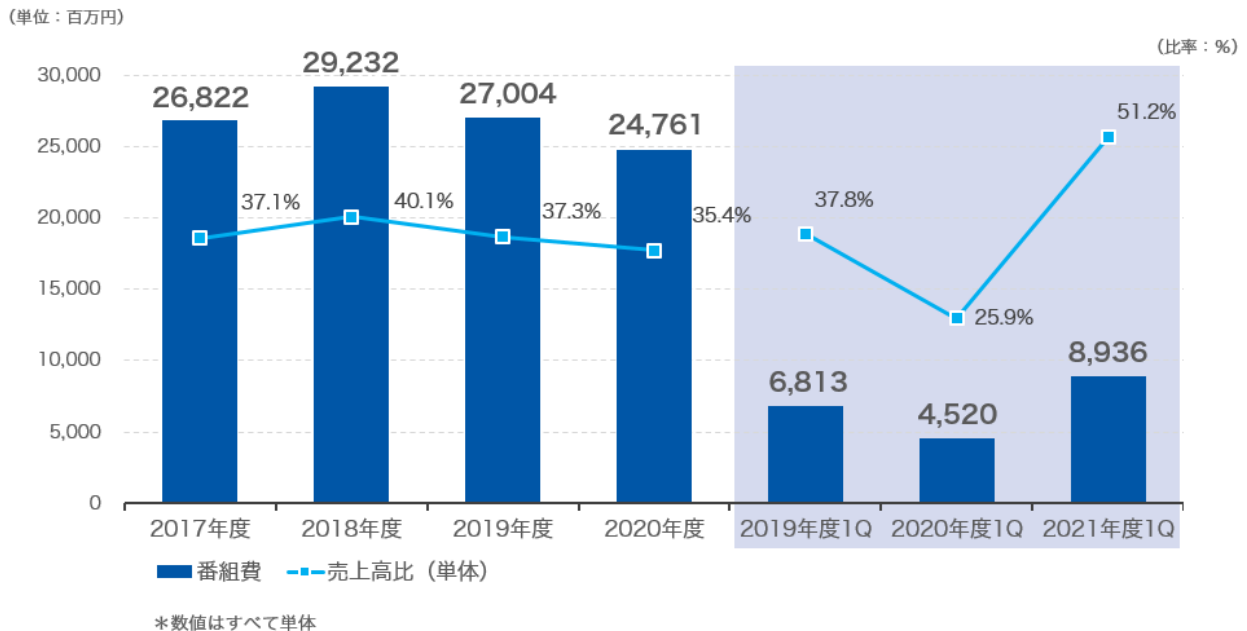
Next, as for the factors for the decrease, program costs increased by JPY4,415 million compared to the same period of the previous fiscal year. The details are explained in the next page. Paid broadcasting revenue decreased by JPY321 million. In addition, 4K broadcasting started in March of this year, and as related expenses, there was an increase of JPY152 million in depreciation and an increase of JPY129 million in technology expenses.

In addition, there were other factors that reduced profits by JPY188 million, including the implementation of community measures.

As a result, ordinary income decreased by JPY4,731 million.

## 番組費の推移

大型スポーツコンテンツの放送・配信等により、番組費は前年同期と比べ増加



それぞれ、百万円未満は切り捨てております。

Page 9, of the slides shows the change in costs.

In the same period of the previous fiscal year, program expenses declined significantly due to the postponement and cancellation of sports events as a result of the coronavirus pandemic. In Q1 under review, however, program costs increased by JPY4,415 million compared with the same period of the previous fiscal year due to the broadcast and distribution of major sports contents, including the UEFA European Football Championship and the UEFA Champions League for soccer, in addition to the Grand Slam tennis tournament that we had been broadcasting and distributing.

## 主要な連結決算会社の収支状況

### ■WOWOWコミュニケーションズ (テレマーケティング)

(単位：百万円)

	2020年度1Q		2021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	2,035	100.0%	2,443	100.0%	407	120.0%
営業利益	△28	△1.4%	199	8.2%	228	—
経常利益	△28	△1.4%	217	8.9%	245	—
四半期純利益	△20	△1.0%	148	6.1%	168	—

\*WOWOWコミュニケーションズ単体の数値です。

### ■WOWOWプラス (放送)

売上高	1,352	100.0%	1,261	100.0%	△90	93.3%
営業利益	74	5.5%	101	8.1%	26	135.8%
経常利益	75	5.6%	102	8.1%	27	136.2%
四半期純利益	56	4.2%	83	6.6%	26	147.9%

\*WOWOWプラス単体の数値です。

それぞれ、百万円未満は切り捨てております。

Page 10 shows the income and expenditure of the major consolidated subsidiaries.

WOWOW COMMUNICATIONS INC. is a telemarketing company. Revenue was JPY2,443 million, and ordinary income was JPY217 million. Both sales and profits increased, mainly due to an increase in sales outside the Group, such as telemarketing services for external customers, compared to the same period of the previous fiscal year.

WOWOW PLUS INC. is a company engaged in the broadcasting business. WOWOW PLUS channel and the basic music channel of pops music are available on BS and CS110, cable TV and so on. The company is also involved in program distribution services and equipment installation in hotels.

Revenue was JPY1,261 million, and ordinary income was JPY102 million. Revenue decreased due to a decrease in orders for new projects in the hotel business. Ordinary income also increased due to a decrease in program-related costs and an increase in advertising sales.

That is all for my presentation.

**Moderator:** Tanaka, President and CEO, will now explain the business forecast for FY2021. President Tanaka, thank you.

## 「UEFAチャンピオンズリーグ」2021-22シーズンの放送・配信が決定

	<p><b>「UEFAチャンピオンズリーグ」 2021-22シーズン</b></p> <p>9月14日(火)開幕、 2022年5月28日(土)の決勝まで独占生中継 及びWOWOWオンデマンドで独占ライブ配信</p> <p>グループステージ～ 決勝まで全125試合を 独占ライブ配信!</p>	 <p><b>「スペインサッカー ラ・リーガ」 2021-22シーズン</b></p> <p>8月13日(金)開幕予定! 毎節最大5試合を生中継</p>
 <p><b>全米オープンテニス</b></p> <p>8月30日(月)～9月13日(月) 連日独占生中継【第1日無料放送】</p>	 <p><b>畑岡・渋谷・笹生 出場!</b> メジャー 全英AIG女子オープン</p> <p>8月19日(木)～8月22日(日)</p>	 <p>生中継! エキサイトマッチSP 「パッキャオ vs スpens」 WBC・IBF世界ウェルター級タイトルマッチ マニー・パッキャオ vs エロール・スpens</p> <p>8月22日(日)</p>

Tanaka: Please see page 12 of the slides. First, this is about our content.

In Q2 and beyond, we will continue to appeal to our customers with a strong lineup of sports content.

Especially in soccer, the new season of the UEFA Champions League will be broadcasted and distributed exclusively. WOWOW On-Demand will provide exclusive live streaming of all 125 matches from the group stage, which starts on Tuesday, September 14, local time, to the final on May 28, 2022.

Prior to that, we will also broadcast and distribute the UEFA Super Cup on August 11 and the qualifying playoffs for the UEFA Champions League.

In the previous season, the UEFA Champions League was broadcasted and distributed from the final tournament, but in the next season, it will be broadcasted and distributed from the group stage.



## コミュニティの取り組みについて

お客さまとの関係を双方向のコミュニケーションへと変え、その対話の中で、さまざまなサービスを開発・提供

		
<p><b>WOWOWサッカーアリーナ</b></p> <p>「UEFA EURO2020TM サッカー欧州選手権」のベストゴールや名シーンをファンの方々と一緒に振り返る特別企画「アフターパーティー」を7月17日(土)に実施</p>	<p><b>WOWOWテニスワールド</b></p> <p>7月11日(日)にウィンブルドン観戦会&amp;大会振り返りを実施。解説者の村上武資さん、鈴木貴男さんが副音声で参加し、ファンの質問に答えながら近い距離感で決勝を盛り上げた。</p>	<p><b>エキサイトマッチファンクラブ</b></p> <p>7月31日(土)、井上尚弥選手が6月のラスベガス防衛戦を振り返る番組に生出演。番組終了後にファンと交流できるオンラインイベントを開催予定。</p>

Please see page 13 of the slides. This is about community initiatives.

In addition to promoting our content, we will also strengthen our efforts in the community. We will build long-term relationships with our customers by increasing the number of services that encourage participation, experience, and support in addition to viewing, in an interactive relationship with them.

For example, with the WOWOW Soccer Arena, we held an after party to look back on the best goals and memorable scenes of The UEFA European Football Championship with the fans.

An interactive initiative was developed on the website to survey soccer fans in advance for the best goals, best matches, best players, et cetera, and to create a program in response to the fans' voices, and many votes and messages were received, especially from soccer fans in their 20s and 30s who wanted to bask in the afterglow of the tournament. They were all very passionate messages.

Also, in the boxing world, Naoya Inoue will be appearing live tomorrow on a program where he will be looking back on the behind-the-scenes of his big match in June with unseen footage. In addition to that, there will be an online event after the show where fans can interact with Naoya Inoue.

## 東海テレビとの共同製作連続ドラマの放送・配信が決定

<p>准教授・高槻彰良の推察 Season 2</p>	<p>密告はうたう 警視庁監察ファイル</p>	
<p>WOWOW×東海テレビ共同製作連続ドラマ <b>准教授・高槻彰良の推察</b> Season1:東海テレビ・フジテレビ系全国ネット 8月7日(土)放送スタート(全8話) Season2:WOWOWプライム・WOWOWオンデマンド 10月10日(日)放送・配信スタート(全8話)</p> <p>異能を持つ准教授と大学生による 謎解きミステリー Hey! Say! JUMP 伊野尾慧 連ドラ単独初主演</p>	<p>連続ドラマW <b>密告はうたう 警視庁監察ファイル</b> 8月22日(日)スタート(全6話) 【第1話無料放送】</p>	<p>IPC &amp; WOWOW パラリンピック・ ドキュメンタリーシリーズ <b>WHO I AM シーズン5</b> 8月14日(土)、15日(日)、21日(土)、22日(日) (全8回)[第1回無料放送]</p> <p>世界最高峰のアスリートに迫る WOWOWオリジナル 大型シリーズのクライマックス。 東京パラリンピックで 躍動する顔触れを中心に 世界8カ国8組のアスリートが参戦</p>
<p>連続ドラマW <b>黒鳥の湖</b> 7月24日(土)スタート(全5話) 【第1話無料放送】</p> 	<p>連続ドラマW <b>黒鳥の湖</b> 7月24日(土)スタート(全5話) 【第1話無料放送】</p>	<p>連続ドラマW <b>黒鳥の湖</b> 7月24日(土)スタート(全5話) 【第1話無料放送】</p>

Please see page 14 of the slides.

For dramas, the third drama series co-produced with TOKAI TELEVISION BROADCASTING, Associate Professor Akira Takatsuki's Inference, is scheduled to start in August on the nationwide network of TOKAI TELEVISION BROADCASTING and FUJI TELEVISION NETWORK. WOWOW will broadcast and distribute Season 2 in October. Kei Inoo of Hey! Say! JUMP will be playing his first lead role in WOWOW serial drama.

## 2021年度 加入計画 (2021年5月14日公表値)

(単位：千件)

	2020年度 実績	2021年度 計画	前期比較	
			前期差	前期比
新規加入件数	542	730	188	134.6%
解約件数	606	710	104	117.3%
正味加入件数	△63	20	83	—
累計正味加入件数	2,791	2,811	20	100.7%

Please see page 15 of the slides.

As for the subscription targets, as of Q1 of the fiscal year, the number of net new subscriptions was 38,000, exceeding the full-year new subscription plan of 20,000. However, the plan remains unchanged from that announced on May 14, as it takes into account the rebound from the large increase in subscriptions in June.

## 2021年度 収支計画 (2021年5月14日公表値)

(単位：百万円)

		2020年度		2021年度		前期比較	
		実績	収入比	計画	収入比	前期差	前期比
連結	売上高	79,165	100.0%	79,500	100.0%	334	100.4%
	営業利益	6,789	8.6%	2,900	3.6%	△3,889	42.7%
	経常利益	6,934	8.8%	3,000	3.8%	△3,934	43.3%
	親会社株主に帰属する 当期純利益	2,942	3.7%	2,000	2.5%	△942	68.0%
単体	売上高	69,888	100.0%	70,600	100.0%	711	101.0%
	営業利益	6,475	9.3%	2,300	3.3%	△4,175	35.5%
	経常利益	6,611	9.5%	2,700	3.8%	△3,911	40.8%
	当期純利益	2,783	4.0%	1,800	2.6%	△983	64.7%
<b>期末配当</b>		80円/株		50円/株		△30	62.5%

(注) 番組費：単体の売上高比として約41.0%を見込む。  
想定為替レート：1ドル110円

それぞれ、百万円未満は切り捨てております。

Page 16 of the slides shows the income and expenditure plan.

These figures are also unchanged from those announced on May 14.

Moderator: That is all for our presentation.



## Question & Answer

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**Moderator:** We will now move on to the question and answer session. Do you have any questions?

**Questioner A:** Thank you.

I would like to ask you 2 questions. First, you mentioned that the number of subscribers has been increasing, but I was wondering if you see any direction for the retention rate. For example, if there is a direction in which the retention rate is better or worse than the existing conventional satellite broadcasting, I would like to know about it. I hope you can answer my questions 1 by 1.

**Tanaka:** Thank you for your question. Executive Officer Gunji will answer your question about distribution.

**Gunji:** This is Gunji. As for your question about the retention rate of customers for subscription, it is difficult to talk about the overall trend because we have just started it and there is not much data. However, it is a fact that most of the customers who subscribe to our distribution service are those who enjoy soccer content.

As a result, we expect a large number of customers to cancel their subscriptions when the soccer content ends. In this regard, our analysis is that the trend value would not differ so much from that for the customers for broadcasting. This is my answer to the question.

**Questioner A:** Thank you very much. 1 more point, and I am sorry to be asking a very general question, but you are expecting a significant decrease in profit this fiscal year, and in terms of ordinary income, you posted a loss in Q1. In order to increase your competitiveness amid the rise of video distribution, you are investing a considerable amount as program costs, but how long will you continue to invest this level of money in programs, not just for this fiscal year, but for the medium to long term?

If, for example, if you are to stop this scale of input, I would like to know what criteria you will using to decide to terminate it.

**Tanaka:** I, Tanaka, will answer this question. The results of Q1 are as you have understood. The forecast for the full year is not stated, so you are also correct.

Then, talking about how long we will continue to make strategic investments in content, we have not decided how long we will continue, but we have positioned the first 3 years of our medium-term management plan as the critical 3 years, as 1 of our initiatives, we will continue our strategic investments.

In addition, we will build a foundation in the next 3 years so that we can create a pillar of business that does not depend on contents alone, by expanding our measures for community and other areas. We will continue to make investments for this purpose.

**Questioner A:** In terms of your company's current trend, I think you are attracting

# WOWOW

members with a kind of very strong content, like the soccer content I mentioned earlier, where people look forward to the content and then cancel their subscription when it ends. On the other hand, in that sense, I think it is quite possible that the number of members will naturally drop once this level of scale of investment is over, though.

In these 3 years, for example, when you have finished making strategic investments in contents, what kind of image should we have, regarding how you will maintain your profit level?

**Tanaka:** In terms of investment in program costs for the full year, in the first place, we do not expect the YoY increase that we have seen in this Q1. This Q1 was a special case in that it saw a concentration of really expensive contents such as the UEFA European Football Championship, which was not there last year, the Academy, which was not there in the past, the UEFA Champions League, which was not there last year, and the Inoue match.

If you compare just Q1 of the year, which is unique in that there was no such events last year, and this year there has been a greater increase than usual, the level of content investment has been outstanding, but if you look at it over the entire year, we have not changed our policy of investing in content within the scope of being able to make a certain level of profit. I would like you to understand that as a premise. However, although the contents will be the same size as in previous years, we will firmly change the quality. In terms of the substance, more effective contents, more WOWOW-like contents, contents that are unique. In particular, we will invest more than ever in original contents, and although we will change the contents, we would like to invest more strategically in contents that will lead to WOWOW's individuality and differentiation. Therefore, we do not believe that our profit level will decrease because we will invest more money in content compared to the past.

**Questioner A:** Thank you very much.

**Moderator:** Thank you very much. Are there any other questions? May I conclude the session? Thank you very much. I would like to conclude the question-and-answer session here. President Tanaka, please give us a closing message.

**Tanaka:** Again, thank you very much for joining us for today's conference.

The world is very excited about the Olympics. In terms of the relationship between the Olympics and WOWOW, during the Olympics, as in the past, WOWOW viewing, TV viewing has always been somewhat sluggish. However, I believe that the scenes of the Olympic and Paralympic athletes' activities, which will be leaving strong impressions upon the viewers, will be a very good thing for WOWOW going forward.

Naomi Osaka, who was the final runner of the torch, will be playing in the next tournament, the US Open Tennis Tournament, which as I explained in the previous slide, will start on August 30 with our exclusive broadcast. WOWOW has been running programs for urban sports such as skateboarding since february, and we are also preparing to broadcast

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international urban sports competitions. We also hope that as the athletes shine at the Paralympics, recognition of the WHO I AM documentary series will increase.

So, after the Tokyo Olympics and Paralympics, I am hoping that WOWOW's content will receive even greater expectations than before.

Once again, thank you very much for joining our telephone conference today.

**Moderator:** This concludes the presentation of the financial results for Q1 of FY2021.

Thank you very much for joining us today.

[END]