

## 3Q FY2020 Earnings Announcement (Teleconference)

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### Event Summary

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Date : Jan 29, 2021 15:30-16:30

Speakers : Akira Tanaka Representative Director, President & CEO  
Noriaki Kuromizu Representative Director, Executive Vice President  
Junichi Onoue Board Director, Executive Officer

### Presentation

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**Moderator:** Welcome to the telephone conference of WOWOW INC. for Q3 of FY2020. Thank you very much for taking time out of your busy schedule today.

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; Noriaki Kuromizu, Representative Director, Executive and Vice President; Junichi Onoue, Board Director and Executive Officer.

Now, Tanaka, the President and CEO, will explain the highlights of our financial results for Q3 of FY2020. Please go ahead, Mr. Tanaka.

## 2020年度第3四半期決算 ハイライト

正味加入件数は74千件の純減、収支は減収増益に

### 加入

- 上期は新型コロナウイルス感染症の影響により、スポーツイベント等が延期・中止となったことから7月までは苦戦したが、8月、9月は「全米オープンテニス」などが新規加入をけん引し、単月の正味加入件数は純増となった
- 10月以降はボクシングやゴルフ、開局30周年記念「連続ドラマW コールドケース3 ～真実の扉～」などが好評を得たが、結果として第3四半期末の正味加入件数は純減に

(単位：千件)

	2019年度3Q	2020年度3Q	前年同期差	前年同期比
新規加入件数	402	374	△27	93.2%
解約件数	447	448	2	100.4%
正味加入件数	△45	△74	△29	—

### 収支(連結)

- 売上高は前年同期と比べ累計正味加入件数が減少したこと等より、減収
- 経常利益は番組費の減少等により、前年同期と比べ増益に

(単位：百万円)

	2019年度3Q	2020年度3Q	前年同期差	前年同期比
売上高	61,640	59,187	△2,452	96.0%
営業利益	7,755	10,220	2,464	131.8%
経常利益	8,218	10,401	2,183	126.6%

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 for attending the telephone conference today.

I would like to explain the financial results highlights for Q3 of FY2020. Please see page two for subscription.

In Q3, the number of new subscribers was 374,000, the number of cancellations was 448,000, and the net number of subscribers was 74,000.

In the first half of the fiscal year, the number of net subscriptions struggled until July as the impact of COVID-19 caused sports events and music events to be postponed or cancelled. In August and September, the number of net subscriptions per month turned positive, driven by new subscriptions due to the “US Open Tennis Championships”, which Naomi Osaka won for the second time.

Since October, Naoya Inoue's title match, US Women's Open Championship and 30th anniversary commemorative programs have been well received. However, as a result, the net number of subscribers at the end of Q3 declined.

This is the consolidated revenue and expenditure.

Net sales decreased by JPY2.452 billion due to a decrease in the cumulative net number of subscriptions YoY. Ordinary income increased due to a decrease in program expenses YoY, which was mainly caused by the postponement or cancellation of broadcasting of sports

# WOWOW

programs and other broadcasts.

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

## 2020年度第3四半期 加入状況

(単位：千件)

	2019年度3Q	2020年度3Q	前年同期比較	
			前年同期差	前年同期比
新規加入件数	402	374	△27	93.2%
解約件数	447	448	2	100.4%
正味加入件数	△45	△74	△29	—
累計正味加入件数	2,857	2,781	△76	97.3%
内) 複数契約 <sup>*1</sup>	411	400	△11	97.4%
内) 宿泊施設契約 <sup>*2</sup>	69	75	6	109.3%

<sup>\*1</sup> 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2,300円の視聴料金を900円に割引。金額は税抜き）

<sup>\*2</sup> 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

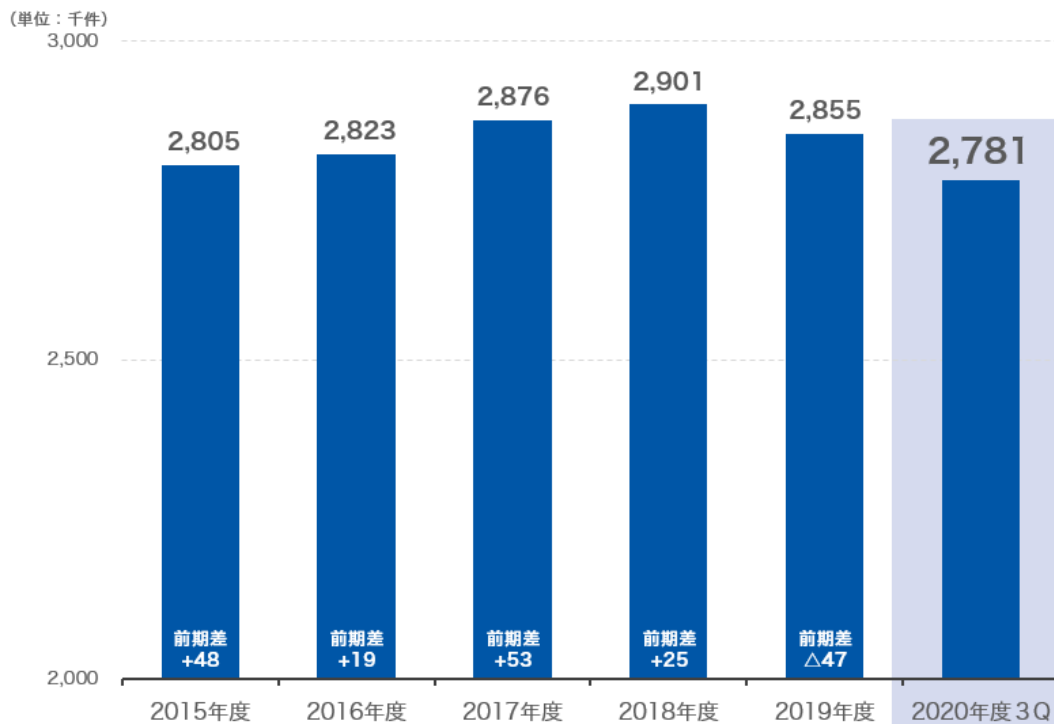
**Onoue:** I will explain until the status of revenue and expenditure of major companies for consolidated financial settlement on page nine.

First, please turn to page three of the material for subscription status.

The number of new subscriptions in Q3 was 374,000, a decrease of 27,000 YoY. The number of cancellations was 448,000, an increase of 2,000 YoY. The net number of subscriptions decreased by 74,000, a decrease of 29,000 YoY. The cumulative number of net subscribers was 2.781 million, a decrease of 76,000 YoY.

Until July, the number of net subscriptions was significantly negative due to the postponements and cancellations of sports and music events caused by COVID-19, but since August, the net number of subscriptions has been on a recovery trend due to the resumption of sports and music events. The cumulative total from August to December turned to an increase.

## 累計正味加入件数の推移



Please see page four for the transition of cumulative net number of subscriptions since FY2015.

Going forward, we will aim for a net subscription number to break even in a year as originally planned, by expanding large-scale sports programs, 30th anniversary commemorative contents, and WOWOW on-demand contents.

## 2020年度第3四半期 収支状況

(単位：百万円)

		2019年度3Q		2020年度3Q		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	61,640	100.0%	59,187	100.0%	△2,452	96.0%
	営 業 利 益	7,755	12.6%	10,220	17.3%	2,464	131.8%
	経 常 利 益	8,218	13.3%	10,401	17.6%	2,183	126.6%
	親会社株主に帰属する 四 半 期 純 利 益	5,719	9.3%	6,999	11.8%	1,280	122.4%
単 体	売 上 高	54,127	100.0%	52,212	100.0%	△1,914	96.5%
	営 業 利 益	7,286	13.5%	10,127	19.4%	2,840	139.0%
	経 常 利 益	7,838	14.5%	10,374	19.9%	2,536	132.4%
	四 半 期 純 利 益	5,482	10.1%	6,990	13.4%	1,507	127.5%

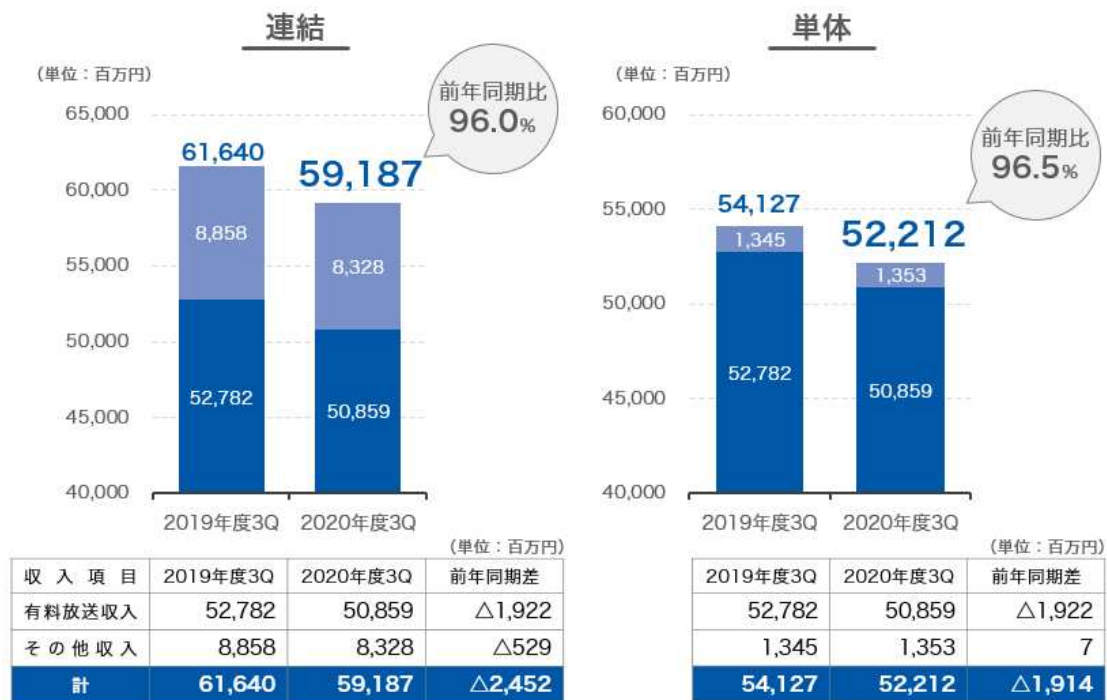
それぞれ、百万円未満は切り捨てております。

On page five, we have the revenue and expenditure review on the consolidated basis. In Q3 of this fiscal year, both sales and profits decreased YoY. Net sales were JPY59.187 billion, a decrease of JPY2.452 billion YoY. Ordinary income was JPY10.401 billion, an increase of JPY2.183 billion YoY.

For the unconsolidated subsidiary, Actvila Corporation, JPY189 million was recorded for provisions for loans as a non-operating loss, and JPY177 million was recorded for a loss on valuation of shares of subsidiaries and affiliates as an extraordinary loss.

Factors behind the YoY differences in net sales and ordinary income will be explained on the 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。

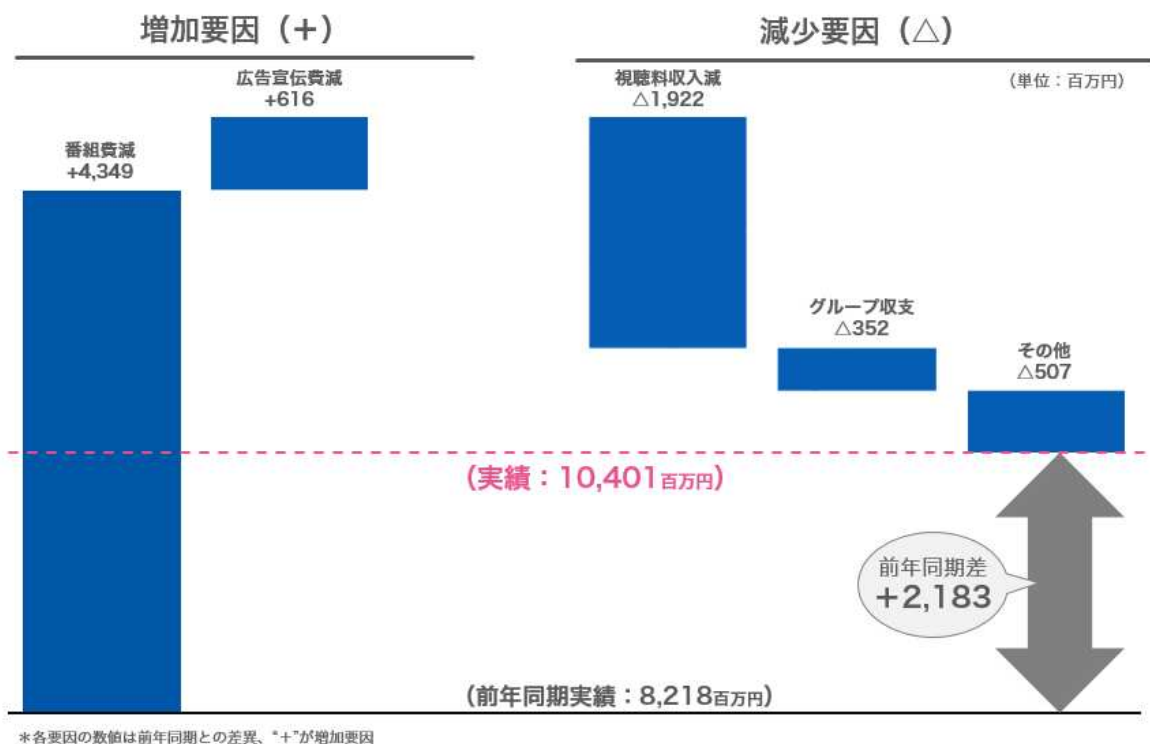
Please turn to page six. This is a YoY comparison of consolidated and non-consolidated sales. I will explain the consolidated net sales on the left.

Consolidated net sales decreased by JPY2.452 billion YoY. Breaking this down, paid broadcasting revenues decreased by JPY1.922 billion due to a YoY decrease in the cumulative number of net subscribers. Other revenues include event revenues from WOWOW on a non-consolidated basis and sales of consolidated subsidiaries to non-Group companies.

In Q3 of the fiscal year, net income decreased by JPY529 million due to factors including a YoY decrease in event revenues and a decrease in sales outside the Group in the Telemarketing Business, which were caused by the impact of COVID-19.



## 連結経常利益 前年同期との差異要因



Please turn to page seven. 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 are the major factors behind the increase.

Program expenses decreased by JPY4.349 billion YoY due to the postponement or cancellation of sports programs, et cetera. Advertising expenses decreased by JPY616 million.

Next are the major factors of the decrease.

Viewer fees decreased by JPY1.922 billion. This is due to a YoY decrease in the cumulative number of net subscribers. In addition, Group companies experienced a JPY352 million deterioration in revenue and expenditure due to a decrease in external sales and other factors. In addition, there is a JPY507 million decrease in profit. This was attributable to the provisions for loans to non-consolidated subsidiary, Actvila.



## 番組費の推移

スポーツイベントや音楽ライブの延期・中止等により、番組費は前年同期と比べ減少



Please turn to page eight for changes in program expenses.

Program expenses decreased by JPY4.349 billion YoY, mainly due to postponements and cancellations of sporting events and music live concert, which were caused by the impact of COVID-19.

The ratio to net sales decreased significantly to 29.9% YoY. However, we expect to spend up to approximately 38% of non-consolidated net sales for the full fiscal year due to the launch of major contents in Q4, including the UEFA Champions League, Australian Open, and commemorative programs for the 30th anniversary of the station.

## 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）

	2019年度3Q		2020年度3Q		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	6,634	100.0%	6,481	100.0%	△153	97.7%
営業利益	181	2.7%	51	0.8%	△130	28.2%
経常利益	186	2.8%	118	1.8%	△67	63.6%
四半期純利益	112	1.7%	74	1.2%	△37	66.7%

\*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	3,899	100.0%	3,855	100.0%	△44	98.9%
営業利益	187	4.8%	171	4.5%	△15	91.6%
経常利益	187	4.8%	173	4.5%	△14	92.3%
四半期純利益	155	4.0%	138	3.6%	△17	88.9%

\*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 nine shows the status of revenues and expenditures for major consolidated subsidiaries.

First, WOWOW COMMUNICATIONS INC.

This is a telemarketing company and recorded sales of JPY4.481 billion and ordinary income of JPY118 million. Revenues and profits declined partly due to a decline in non-Group sales, such as telemarketing operations, which were caused by COVID-19.

Next is WOWOW PLUS INC.

This is a company engaged in the Broadcasting Business. It develops basic channels for CS110, cable TV and such. Net sales were JPY3.855 billion, and ordinary income were JPY173 million. BS business was succeeded to WOWOW in December, and sales promotion costs increased in conjunction with channel renewal. As a result, revenues and profits decreased.

By the way, I mentioned earlier that WOWOW Communications' net sales were JPY4.4 billion, but this was not correct. The correct figure is JPY6.481 billion. I apologize for the mistake. This is all from me.

**Moderator:** Next, Tanaka, the President and CEO, will present the performance outlook for FY2020. Please go ahead, Mr. Tanaka.

## UEFAチャンピオンズリーグがスタート



**「UEFAチャンピオンズリーグ」20-21シーズン  
決勝トーナメント**  
2月17日(水)～5月30日(日)

「UEFAチャンピオンズリーグ」の20-21シーズン  
決勝トーナメント全29試合を独占生中継&ライブ配信。  
さらに、「UEFAヨーロッパリーグ」20-21シーズン  
決勝トーナメントも、注目試合を独占生中継&ライブ配信することが決定。



**全豪オープンテニス**  
2月8日(月)～2月21日(日)連日生中継  
[第1日無料放送]



**LPGA女子ゴルフツアー  
ゲインブリッジLPGA**  
2月26日(金)～3月1日(月)

\*新型コロナウイルス感染症の状況によっては、番組に変更の可能性がございます

**Tanaka:** Please turn to page 11 of the material. First, I would like to introduce the noteworthy contents.

It has been decided that from February, all 29 games in the final tournament of the UEFA Champions League, which will determine the number one among the European soccer clubs, will be broadcast and streamed live exclusively. This will be the first broadcast of UEFA Champions League in 18 years since the 2002-2003 season. In addition, we will broadcast and stream live the hot games of UEFA Europa League finals tournament. For both UEFA Champions League and UEFA Europa League, WOWOW has the exclusive contracts for all the broadcasting and streaming rights.

## 徹底的なコンテンツの差別化

🎉 開局30周年記念大型番組などを続々と放送・配信

 <p><b>生中継！ 第63回グラミー賞授賞式</b></p> <p>3月15日(月)</p> <p>案内役：ジョン・カビラ、ホラン千秋</p> 	 <p>WOWOW開局30周年記念 <b>「がんばれ! TEAM NACS」</b> #1・2 3月先行放送・配信スタート</p>  <p>ドラマWスペシャル <b>あんのリリック</b> -桜木杏、俳句はじめてみました- 前編：2/27(土)、後編：3/6(土)</p>	 <p>生中継！ <b>TOMORROW X TOGETHER FANLIVE SHINE X TOGETHER JAPAN EDITION</b> 3月7日(日)</p>  <p><b>三代目 J SOUL BROTHERS</b> 「LIVE×ONLINE INFINITY 三代目 J SOUL BROTHERS ～JSB HISTORY～」 3月20日(土・祝)</p>
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※新型コロナウイルス感染症の状況によっては、番組に変更の可能性がございます

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Please turn to page 12.

As another attractive content, the Grammy Award Ceremony will be broadcast live on March 14 local time and March 15 Japan time. It will be held in Los Angeles, the United States. Currently, it is scheduled to take place. In addition, we will broadcast and stream programs commemorating the 30th anniversary of the station and music live concerts.



## 30周年を機に、生まれ変わるWOWOW①



# WOWOW

## オンデマンド

テレビでもスマホでもWOWOW  
WOWOWメンバーズオンデマンドが生まれ変わりました

BS視聴環境が整ってなくても、  
インターネット環境があればWEB上でご加入いただけるようになりました。  
見逃せないスポーツも、オリジナルドラマも、  
「WOWOWオンデマンド」ですぐにご視聴いただけます。  
オリジナルコンテンツもさらに充実。

Next, please turn to page 13.

With the 30th anniversary of the opening of the station as a milestone, WOWOW is undertaking a variety of reforms.

First, WOWOW On-Demand started on January 13. Even if you don't have a BS viewing environment, if you have an Internet connection, you can subscribe to it on the web. You can use WOWOW service with ease, both on TVs and smartphones.

In addition to such improvement in convenience, we will strengthen the streaming of original contents and contents exclusively for on-demand so that many people who have never used WOWOW can experience them.

Approximately two weeks have passed since the launch, and the large number of users of free-trial are in their 20s and 30s who are not our subscribers' volume zones.

## 30周年を機に、生まれ変わるWOWOW②

視聴だけにとどまらない新たな楽しみ方を提供する新サービスがスタート。  
映像を軸に、参加・応援・体験というインタラクティブなつながりを提供します。



記者会見配信を見る

練習コート配信を見る

2021年  
2月8日(月)  
全豪開幕  
予定!

オンラインイベントに参加する

**WOWOWテニスワールド**

試合を観戦する

2月8日(月)より本格スタート!

Please turn to page 14.

Furthermore, WOWOW will evolve into a community in which customers participate, support, and experience, rather than just viewing.

Starting with the *Denpa Shonen W* in January, WOWOW Tennis World will be fully launched in February in conjunction with the Australian Open. During the Australian Open, you will be able to watch pre-game player exercises and post-game conferences in real time, as well as live streaming of some games that cannot be covered by broadcasting or on-demand. Furthermore, on our website, we have implemented a chatting function that allows tennis fans from all over Japan to interact with players, WOWOW tennis commentators, and others and have fun together. Currently, we are holding daily online events ahead of the opening of Australian Open.

## 30周年を機に、生まれ変わるWOWOW③

### 新チャンネル「WOWOW 4K」がスタート

 <p>2021年3月1日(月)正午、開局。</p>	 <p><b>スペインサッカー ラ・リーガ</b> 3月放送予定</p>	 <p><b>アニマル・インポッシブル 謎解き大作戦!</b> 3月22日(月)～26日(金) (全10回) (2回ずつ放送) [第1回無料放送]</p>
 <p>WOWOW開局30周年記念 連続ドラマW <b>華麗なる一族</b> 4月18日(日)スタート(全12話) [第1話無料放送]</p>	 <p>全6話一挙放送! 連続ドラマW <b>太陽は動かない</b> —THE ECLIPSE— 3月1日(月)スタート</p>	 <p><b>パラサイト</b> 半地下の家族 3月6日(土)</p>

※新型コロナウイルス感染症の状況によっては、番組に変更の可能性がございます

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Next, please turn to page 15.

The 4K channel WOWOW 4K opens on March 1. We will deliver a number of 4K-quality entertainment, including the games of Real Madrid and Barcelona, the Spanish soccer, La Legal, as well as tennis Grand Slam hot matches, overseas top sports, original dramas, and movies.

Through these new services and large-scale contents, we will work hard for the remaining two months to achieve our targets at the end of the fiscal year.



## 2020年度 加入計画 (2020年5月15日公表値)

(単位：千件)

	2019年度 実績	2020年度 計画	前期比較	
			前期差	前期比
新規加入件数	564	630	66	111.7%
解約件数	611	630	19	103.2%
正味加入件数	△47	—	47	—
累計正味加入件数	2,855	2,855	0	100.0%

Please turn to page 16.

The subscription targets for FY2020 have not changed from the announced figures.

## 2020年度 収支計画 (2020年10月23日公表値)

(単位：百万円)

		2020年度当初計画		2020年度修正計画		当初計画比較	
		実 績	収入比	計 画	収入比	当初計画差	当初計画比
連 結	売 上 高	80,700	100.0%	78,800	100.0%	△1,900	98.6%
	営 業 利 益	4,800	5.9%	4,800	5.9%	—	100.0%
	経 常 利 益	5,000	6.2%	5,000	6.2%	—	100.0%
	親会社株主に帰属する 当 期 純 利 益	3,300	4.1%	3,300	4.1%	—	100.0%
単 体	売 上 高	70,500	100.0%	69,400	100.0%	△1,100	98.4%
	営 業 利 益	4,700	6.7%	4,700	6.7%	—	100.0%
	経 常 利 益	5,100	7.2%	5,100	7.2%	—	100.0%
	当 期 純 利 益	3,500	5.0%	3,500	5.0%	—	100.0%
年 間 配 当		80円/株		80円/株		—	100.0%

(注) 番組費：単体の売上高比として約38.0%を見込む。それぞれ、百万円未満は切り捨てております。  
 想定為替レート：1ドル110円

Please turn to page 15.

These revenue and expenditure targets have not been changed from the previously announced figures.

**Moderator:** With that, we would like to conclude our presentation

## Question & Answer

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**Moderator:** We will move on to the question-and-answer session.

When it's your turn, please tell us your company name and your name, and state the question. Thank you.

Does anyone have a question?

**Questioner A:** Regarding the production costs, although the current business performance is far above target, my understanding is that a considerable amount of production costs will be incurred in Q4 and it is expected to result in a decline in profits from the previous fiscal year. Specifically, what works in Q4 differ from those in Q1, Q2 and Q3? I think nearly JPY10 billion will be spent in Q4, but does it really get that large in a quarter?

Is there something as big as, for example, the launch of WOWOW On-Demand or WOWOW Tennis World that would require that much production cost?

**Onoue:** I, Onoue, will answer.

As I explained, regarding the program expenses, the major point is that in this Q4, we acquired the rights to the UEFA Champions League to broadcast.

Also, as you said, we will invest in large programs such as the 30th anniversary program. Including that, we will weigh the program expenses in this Q4.

In addition, we are strengthening streaming-related programs as we renewed on-demand. Including these, it is a characteristics of this Q4 that we will actively invest program expenses. That's all from me.

**Questioner A:** There's one more thing to add. For the chats like WOWOW Tennis World on page 14 and the interactive formats, to what are those allocated? Are these production expenses of program or something else? What about that point?

**Onoue:** I, Onoue, will also answer this question.

Regarding these costs, these are not program expenses but various other costs that correspond to the customers or, some of these are done as trial and research, and so, these are from that type of expenditure. That's all from me.

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

**Questioner B:** Earlier, Mr. Tanaka mentioned that boxing and golf have been well received since October, but as a result, net subscriptions have declined. Is the reason for this decrease largely due to COVID-19? Or do you think it is because of other structural factors?

**Tanaka:** This is Tanaka.

As I mentioned earlier, the negative amount until July was quite large. The biggest reasons for this is that sports events and music events were canceled due to the impact of

# WOWOW

COVID-19. Another reason is the rise of video streaming services, which are mostly overseas video streaming services. In face of that, we were not able to show our presence. For these two reasons, we had a great net decrease until July.

It recovered in August and September. In October onward, we won subscriptions to some extent, but it had not reached to the point to make up for the net reduction until July, which is the summary I mentioned earlier.

**Moderator:** Ok?

**Questioner B:** Ok. Thank you very much.

**Moderator:** Any other questions? Is there anyone else?

It seems that there are no other questions. With that, we would like to conclude here.

Lastly, Tanaka will say a few words.

**Tanaka:** Thank you again for your participation today. As mentioned in questions, the impact of COVID-19 is still continuing, and the business environment is still difficult due to the rapid rise of video streaming services.

However, as we celebrate the 30th anniversary, we have been working on various efforts and reforms, and we are in the process of reforms. We would like to ask for your continued support.

Thank you for joining us today.

**Moderator:** With that, we would like to conclude the financial results briefing for Q3 of FY2020.

Thank you very much for attending the teleconference today.

[END]