

FY2019 Earnings Announcement (Teleconference)

Event Summary

Date : May 15, 2020 15:30-16:30

Speakers : Akira Tanaka President

Noriaki Kuromizu Vice President

Junichi Onoue Board Director

Presentation

Moderator : Thank you for waiting. WOWOW INC. FY2019 Financial Results Briefing Telephone Conference will now be held. Thank you very much for taking part in spite of your busy schedule.

Please note that the content and Q&A discussed in today's explanation will be distributed in full through external organizations and posted on our website. Please refer to the Company's financial results briefing materials for use at telephone conferences on the IR website and financial results briefing materials.

Today's telephone conference is attended by the President and Representative Director, Akira Tanaka; Executive Vice President and Director, Noriaki Kuromizu; and Member of the Board of Directors, in charge of IR accounting, Junichi Onoue.

Tanaka, the President of the Company, will explain the highlights of the FY2019 results.

Tanaka: Here is Tanaka. Thank you for today.

We recognize that the impact of the new coronavirus is still very difficult. We will explain the impact on our business activities later, but first of all, I would like to express my deep appreciation to healthcare professionals and the people who support the lifestyle infrastructure.

2019年度決算 ハイライト①

正味加入件数は14期振りの純減に

加入

- 井上尚弥選手のボクシング世界タイトルマッチやテニス、サザンオールスターズや氣志團万博などの音楽ライブ、連続ドラマW「ミラー・ツインズ Season2」などが新規加入を牽引
- 前期は大坂なおみ選手の「全米オープンテニス」優勝により10万件を超える新規加入があった
- 動画配信サービスの普及によりお客さまの視聴の選択肢が増えていることに加え、新型コロナウイルス感染症の影響により、2月、3月放送予定のスポーツや音楽ライブが延期・中止になったことなどから、正味加入件数は厳しい結果に

(単位：千件)

	2018年度実績	2019年度実績	前期比
新規加入件数	660	564	85.4%
解約件数	635	611	96.1%
正味加入件数	25	△47	—
累計正味加入件数	2,901	2,855	98.4%

I would like to explain the highlights of our FY2019 results. I hope you will listen while looking at the materials.

The number of new subscribers was 564,000, while the number of cancellations was 611,000, resulting in a net decrease in the number of subscribers by 47,000.

New subscriptions were driven by boxing, tennis, and live music. Although the number of new subscribers decreased from the previous fiscal year, this is due to the difference in the number of new subscribers exceeding 0.1 million in the previous fiscal year, mainly due to the nationwide open tennis winning by Osaka Athletes.

In the fiscal year under review, net subscriber numbers declined for the first time in 14 fiscal years, due to a number of factors, including the postponement or cancellation of sports and live music broadcasts scheduled for February and March, due to the spread of video streaming services, the increase in customer viewing options, and the impact of the recent outbreak of a new type of coronaviral infectious disease.

2019年度決算 ハイライト②

前期と比べ減収、経常利益は増益に

収支(連結)

- 売上高は視聴料収入の減少等より、前期と比べ減収
- 経常利益は番組費の減少等により、前期と比べ増益に
- 特別損失に投資有価証券評価損等1,229百万円を計上

(単位：百万円)

	2018年度実績	2019年度実績	前期比
売上高	82,623	82,450	99.8%
営業利益	6,779	8,489	125.2%
経常利益	7,531	9,225	122.5%
親会社株主に帰属する 当期純利益	5,182	5,072	97.9%

配当

- 1株当たり期末配当金は当初予想通り80円

それぞれ、百万円未満は切り捨てております。

We will continue to report on the following page. Consolidated [results]. See page three.
 Net sales decreased by JPY172 million, due to a decrease in viewing fees and other revenues compared with the previous fiscal year. Ordinary income increased by JPY1.694 billion, due to a decrease in programming costs and other factors.
 Net income declined from the previous fiscal year, due to extraordinary losses of JPY1.229 billion, including a loss on devaluation of investment securities.
 The year-end dividend per share was JPY80, as initially forecast.
 The details of the figures will be explained by the person in charge of IR accounting.

2019年度 加入状況

(単位：千件)

	2018年度	2019年度	前期比較	
			前期差	前期比
新規加入件数	660	564	△96	85.4%
解約件数	635	611	△24	96.1%
正味加入件数	25	△47	△72	—
累計正味加入件数	2,901	2,855	△47	98.4%
内) 複数契約*1	415	410	△5	98.7%
内) 宿泊施設契約*2	64	70	6	109.6%

*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2,300円の視聴料金を900円に割引。金額は税抜き）

*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 will explain the account status of major consolidated closing companies on page 10. The first step is the subscription status on page four of the slide.

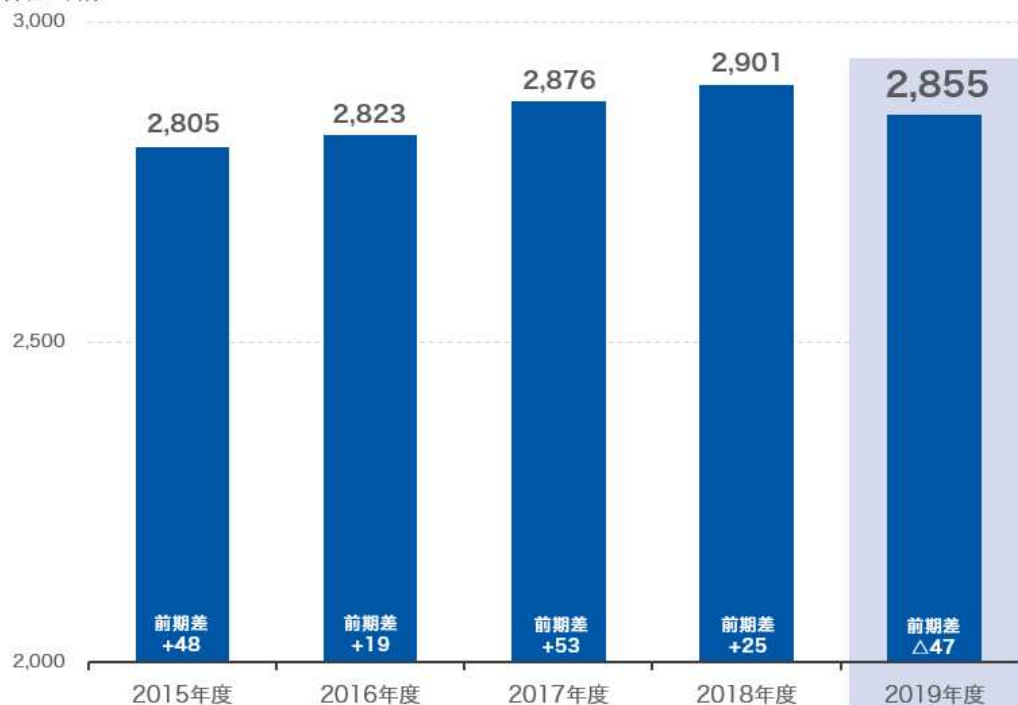
The number of new subscribers in the fiscal year under review was 564,000, a decrease of 96,000 from the previous fiscal year. Sports content, such as boxing and tennis drove new subscriptions, but this was down significantly from the previous fiscal year.

As explained earlier by Tanaka, in September, the major player wins the US open tennis game, resulting in more than 0.1 million new subscriptions. The number of cancellations was 611,000, a decrease of 24,000 from the previous fiscal year. As a result, the net number of subscribers decreased by 72,000 from the previous fiscal year, to a net decrease of 47,000. The cumulative net number of subscribers was 2.855 million.

As described above, the net number of subscribers declined, resulting in a severe situation.

累計正味加入件数の推移

(単位：千件)



This is slide five. The cumulative net number of subscribers since FY2015.

The cumulative net number of subscribers increased for 13 consecutive years from FY2006 to FY2018, but in FY2019, the net number of subscribers decreased to 47,000, the first net decrease in 14 years.

2019年度 収支状況

(単位：百万円)

		2018年度		2019年度		前期比較	
		実 績	収入比	実 績	収入比	前期差	前期比
連 結	売 上 高	82,623	100.0%	82,450	100.0%	△172	99.8%
	営 業 利 益	6,779	8.2%	8,489	10.3%	1,710	125.2%
	経 常 利 益	7,531	9.1%	9,225	11.2%	1,694	122.5%
	親会社株主に帰属する 当 期 純 利 益	5,182	6.3%	5,072	6.2%	△110	97.9%

単 体	売 上 高	72,951	100.0%	72,489	100.0%	△461	99.4%
	営 業 利 益	6,237	8.6%	7,932	10.9%	1,695	127.2%
	経 常 利 益	7,048	9.7%	8,580	11.8%	1,531	121.7%
	当 期 純 利 益	4,883	6.7%	4,613	6.4%	△269	94.5%

それぞれ、百万円未満は切り捨てております。

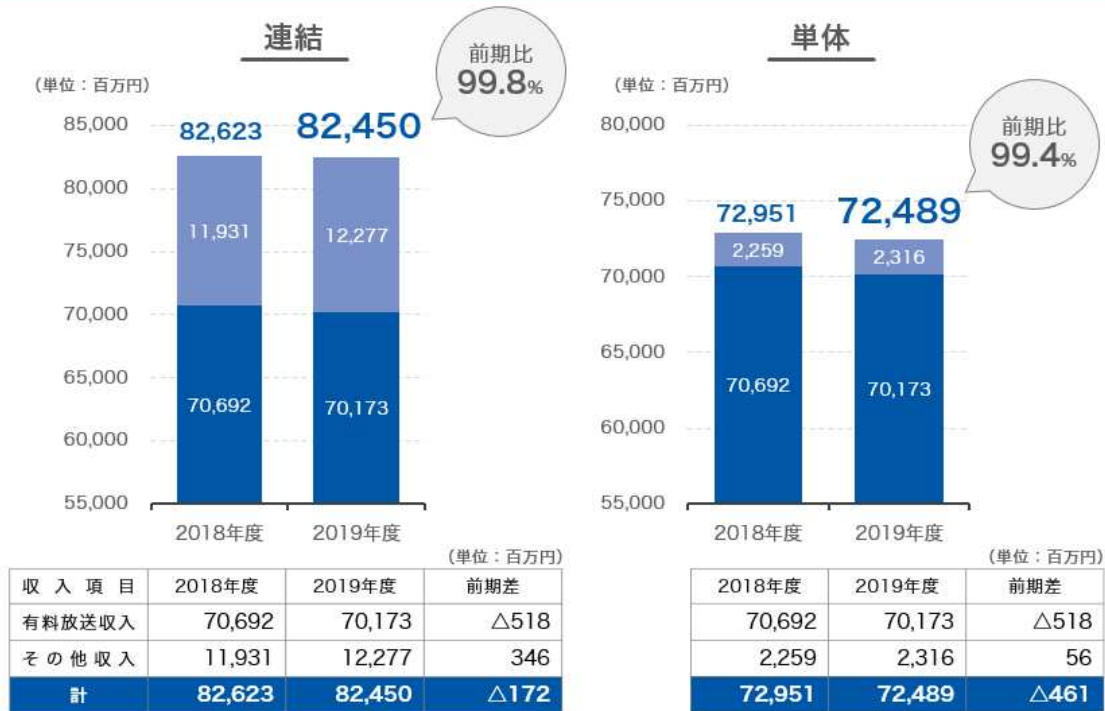
年 間 配 当	80円/株	80円/株	—	100.0%
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Page six of the slides shows the status of consolidated revenues and expenditures. The consolidated income and expenditure situation in the upper row is explained.

In the fiscal year under review, sales decreased and ordinary income increased compared with the previous fiscal year. Revenue fell JPY172 million YoY, to JPY82.45 billion. Ordinary income was JPY9.225 billion, an increase of JPY1.694 billion from the previous fiscal year. An extraordinary loss of JPY1.229 billion was recorded, including a loss on devaluation of investment securities. The Company invested in Premium Platform Japan ,Inc. which recorded a loss on devaluation of investment securities of JPY634 million and a loss on valuation of shares in an affiliate of non-consolidated subsidiary Actvila Corporation. of JPY585 million.

As a result, net income decreased by JPY110 million from the previous fiscal year. The factors behind the difference in net sales and ordinary income from the previous fiscal year will be explained on the next page.

売上高 前期対比

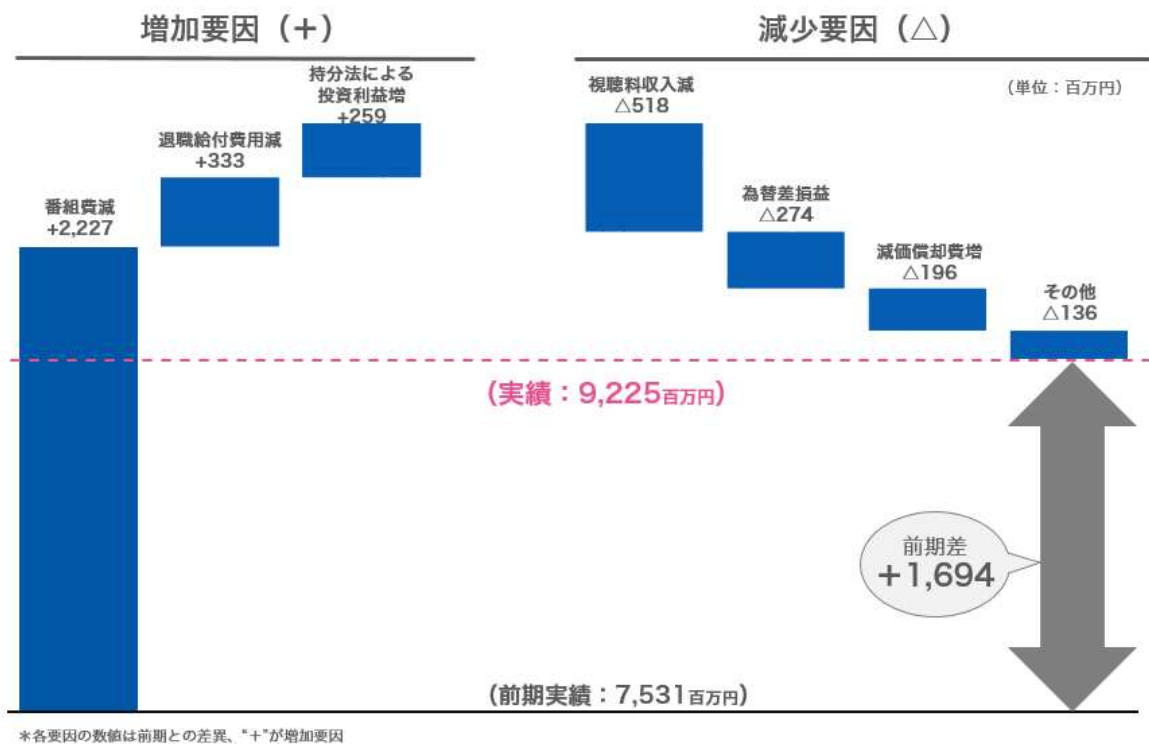


それぞれ、百万円未満は切り捨てております。

Figures are compared with the previous fiscal year on page seven of the slides. Consolidated net sales on the left-hand side of this report are as follows.

Revenue decreased by JPY172 million from the previous fiscal year. Paid broadcasting revenues declined by JPY518 million, due to a decrease in the cumulative net number of subscribers compared to the previous fiscal year. Revenues from incidental businesses increased by JPY346 million YoY, due to an increase in revenues from events at WOWOW on a non-consolidated basis, as well as an increase in revenues from consolidated subsidiaries outside the Group.

連結経常利益 前期との差異要因



This is the factor behind the difference in consolidated ordinary income on page eight of the slides. The left-hand side of the chart is the main factor behind profit growth, and the right-hand side is the factor behind profit decline.

The main factor behind this increase was a decrease of JPY2.227 billion in programming costs. Details are provided on the following page.

Retirement benefit expenses decreased by JPY333 million. In the previous fiscal year, the calculation method for retirement benefits was changed from the simplified method to the principle method, and temporary expenses were recorded. However, this was due to the fact that no such expenses occurred in the current fiscal year.

Share of profit of entities accounted for using equity method increased to JPY259 million. This was due to an increase in profits at the equity-method affiliate Broadcasting Satellite System Corporation

This is the main factor of decrease. Audience revenues declined by JPY518 million. This was due to a decrease in the cumulative net number of subscribers compared to the previous fiscal year.

Foreign exchange gains and losses decreased by JPY274 million. Depreciation and amortization increased by JPY196 million from the previous fiscal year. Depreciation and

WOWOW

amortization increased, due to the impact of a partial rebuilding of broadcasting centers in the previous fiscal year in order to prepare for the commencement of 4K broadcasting, which is scheduled to commence in December of this year.

Other expenses increased by JPY136 million, primarily due to an increase in administrative expenses for office buildings resulting from the reconstruction of the broadcasting center.

番組費の推移

番組費はタイトル差等により、前期と比べ減少



*有料放送番組費：オリジナルドラマ、映画（ハリウッドメジャー以外）、スポーツ、音楽など
映画番組配給費：ハリウッドメジャーの映画 その他番組費：データ放送など

*数値はすべて単体
それぞれ、百万円未満は切り捨てております。

This is the transition of program costs on page nine of the slides.

Program expenses decreased by JPY2.227 billion YoY.

The main breakdown of program expenses is shown in the graph. The expenses for paid broadcasting, which are the dark blue portion, are expenses for programs other than Hollywood Major. In the previous fiscal year, there were large-scale music programs, such as Namie Amuro, but in the fiscal year under review there were no programs of the same size. In addition, broadcasting of programs was postponed or cancelled due to the impact of a new type of coronaviral infections. As a result, net sales decreased by JPY1.667 billion from the previous fiscal year.

In the middle of the graph, the thin blue portion of the movie program distribution cost is the cost of the movie purchased from Hollywood Major. Revenue decreased by JPY387 million from the previous fiscal year, mainly due to a difference in the number of program titles.

Other program costs include data broadcasting and other costs, which were down JPY173 million from the previous fiscal year.

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）

	2018年度		2019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	8,917	100.0%	9,067	100.0%	149	101.7%
営業利益	358	4.0%	266	2.9%	△92	74.3%
経常利益	369	4.1%	271	3.0%	△98	73.4%
当期純利益	244	2.7%	177	2.0%	△67	72.4%

*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	5,060	100.0%	5,233	100.0%	172	103.4%
営業利益	177	3.5%	220	4.2%	42	123.9%
経常利益	178	3.5%	220	4.2%	42	123.5%
当期純利益	135	2.7%	156	3.0%	21	115.5%

*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。

The table on page 10 shows the income and expenditure of major consolidated companies. WOWOW COMMUNICATIONS INC. is a telemarketing firm. Net sales and ordinary income were JPY9.067 billion and JPY271 million, respectively. Earnings declined due to the incurrence of initial investment costs related to new orders from existing external customers.

WOWOW PLUS INC. We are developing basic channels such as BS, 110-degree CS, and cable television. Net sales and ordinary income were JPY5.233 billion and JPY220 million, respectively. Net sales and operating income increased due to an increase in revenues from the broadcasting business and other factors.

My explanation is finished.

Moderator: I would like President Tanaka to explain our business plans for FY2020.

新型コロナウイルス感染症による影響について

- 2020年度上期に放送・配信を予定していた大型スポーツ番組（UEFA EURO 2020™ サッカー欧州選手権、全仏オープンテニス、ウィンブルドンテニス、ボクシング世界タイトルマッチ等）や音楽ライブは延期・中止、さらにオリジナルコンテンツの制作が一時中断、当社主催の事業イベントも延期・中止など、当社の事業に大きな影響がでている。
- 2020年度の業績予想は、本年8月以降に事業活動が徐々に正常化する仮定のもとに算出しています。なお、世界の新型コロナウイルス感染症の収束状況によって業績予想の修正が必要となる場合には、速やかに開示します。

Tanaka: The following is an outline of our business plan for FY2020. Before, I will explain some of the effects of a new type of the coronavirus infectious disease. This is page 12 of the slides.

In FY2020, the Tokyo Olympics [were scheduled] to take place, [and it was] expected to be a year when sports would rise significantly. However, due to the impact of the new coronavirus, sports events around the world have been postponed, or discontinued. Our scheduled broadcast in the first half of the fiscal year, UEFA European Football Championship, has been postponed for one year, and the scheduled broadcast for May for all French Open tennis has been postponed to September. The Championships, Wimbledon was also cancelled.

In addition, numerous music concerts have been cancelled, and the production of original dramas, which are produced in-house, has been suspended temporarily. In addition, business events sponsored by the Company have been postponed or cancelled. This has a major impact on our business as a whole.

As will be explained below, business plans and business performance forecasts for FY2020 are calculated based on the assumption that business activities will gradually be normalized from August onward. Due to the convergence of the new type of coronavirus in

WOWOW

the world, it is natural that various events will be revived or not anticipated. Therefore, we would like to promptly disclose any revisions to our earnings forecasts, if necessary.

2020年度事業計画の概要

「放送」「配信」のコンテンツとインフラに戦略的投資を行ない、事業基盤の強化をすることで新たな成長を目指す

1 徹底的なコンテンツの差別化

- ▶ 「放送」、「配信」それぞれの特性を活かした、WOWOWならではのコンテンツを提供
- ▶ クリエイター、アーティストとともに生み出す、希少性、独占性の高いオリジナルコンテンツの開発

2 デジタルサービスの拡充

- ▶ お客さまの利便性向上のため、「WOWOWメンバーズオンデマンド」サービスの拡充
- ▶ スマートデバイスを軸にした、複合的なサービスをワンストップで利用できる新たな会員サービスの開発

3 放送の高度化への対応

- ▶ 既存3チャンネルに加え、BS4K放送1チャンネルを12月に開始予定

See page 13 of the slides.

Currently, in addition to intensifying competition, including the emergence of video distribution services, the effects of the new coronaviral infections, the successive postponement and cancellation of domestic and overseas events, and the effects of entertainment, as I have explained today, are enormous.

Under these circumstances, in the first half of the fiscal year, we will work to maintain our subscribers by making every effort to disseminate WOWOW while forming tags with rights holders, creators, artists, and other stakeholders. On the other hand, in the second half of the fiscal year, in addition to strengthening content, we will make strategic investments, such as launching BS4K broadcasting and further expanding distribution services. We will also make aggressive investments to revive the business.

There are three key elements of our business plan for FY2020 are:

First, comprehensive content differentiation. Leveraging WOWOW's two service bases of broadcasting and distribution to the fullest, we will provide customers with entertainment that is unique to WOWOW, which can only be seen in WOWOW and WOWOW. In order to do so, we recognize the need to develop highly differentiated, scarce, and monopolistic content centered on original content.

WOWOW

Second, expansion of digital services. In addition to making it possible to subscribe and recruit without registering B-CAS cards, the Group will also work to enhance content that can be recruited on WOWOW Members' On-Demand. In addition, the Group will work to develop such new member services that enable 1-stop experiences of complex services centered on use with smartphones and tablets.

Third, we are responding to the sophistication of broadcasting. We are preparing to launch BS4K broadcasting in December in order to further enhance our broadcasting services, which we are working on as a core service. Details of the services will be announced as soon as they are decided.

徹底的なコンテンツの差別化

🎬 オリジナルドラマが充実



連続ドラマW
**太陽は動かない
—THE ECLIPSE—**
5月24日(日)スタート(全6話)[第1話無料放送]



連続ドラマW
**大江戸グレートジャーニー
～ザ・お伊勢参り～**
6月6日(土)スタート(全6話)[第1話無料放送]

🎵 大型アーティストのライブを放送



**GLAY ARENA TOUR 2019-2020
DEMOCRACY 25TH
HOTEL GLAY THE SUITE ROOM**
5月24日(日)



**L'Arc～en～Ciel
'ARENA TOUR MMXX'**
6月27日(土)

🎵 緊急無料放送を実施



**サザンオールスターズ・桑田佳祐
スペシャルDAY
12時間無料放送!**
6月6日(土)

サザンオールスターズ オフィシャルサイト
特別企画「Keep Smilin」
～“出来ることから”ちょっとずつ～の一環として、
12時間にわたり無料放送を実施します。
サザンオールスターズや桑田佳祐の
これまで多くのファンを
熱狂に包んだライブ映像を、一挙無料放送。
6月6日は、おうちでスペシャルな一日を!

Next, please see page 14. The content will be slightly supplemented.

Due to the impact of the new coronavirus, the programming for the first half of the fiscal year is very difficult, but we are working with creators and artists to make this WOWOW possible.

To give you an example, on the 6 of next month, we will have a special get together with Southern All Stars and Keisuke Kuwata, will have a free broadcast for 12 hours. I would like to work with fans who spend time at home at the time of the free WOWOW release, June 6. I am currently full of plans, such as previous live movies, because I would like to [figure out] what to do with fans who spend time free of charge in this WOWOW.

In addition, there is L'Arc-en-Ciel in the middle and lower sections of this document. Other artists and executives are also choosing WOWOW as a place for sending messages, and will be released from time to time.

2020年度 加入計画

(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%

This is slide 15.

In the plan for FY2020, we plan to have 630,000 new subscribers, 630,000 cancellations, and net subscribers plus or minus zero. The cumulative net number of subscribers was 285,5000, unchanged from the previous fiscal year.

I would like to reiterate that, while it is anticipated that in the first half of the fiscal year, it will be a struggle to acquire subscribers, due to the impact of the new coronavirus, in the second half, by actively launching content such as sports, music, and original dramas, we will recover the net number of subscribers that is expected to decline in the first half in the second half. That is our plan.

The impact of this coronavirus is causing a dark shadow in the world, but as an entertainment Company, we intend to provide bright content and bright topics that people will enjoy in the future.

2020年度 収支計画

		(単位：百万円)					
		2019年度		2020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	82,450	100.0%	80,700	100.0%	△1,750	97.9%
	営 業 利 益	8,489	10.3%	4,800	5.9%	△3,689	56.5%
	経 常 利 益	9,225	11.2%	5,000	6.2%	△4,225	54.2%
	親会社株主に帰属する 当 期 純 利 益	5,072	6.2%	3,300	4.1%	△1,772	65.1%
単 体	売 上 高	72,489	100.0%	70,500	100.0%	△1,989	97.3%
	営 業 利 益	7,932	10.9%	4,700	6.7%	△3,232	59.3%
	経 常 利 益	8,580	11.8%	5,100	7.2%	△3,480	59.4%
	当 期 純 利 益	4,613	6.4%	3,500	5.0%	△1,113	75.9%

(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

年 間 配 当	80円/株	80円/株	—	100.0%
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See page 16. The income and expenditure plan.

Revenue plans for FY2020 are expected to decrease in revenues and revenues. Consolidated net sales are expected to decrease, due to a decline in viewer fees resulting from difficulties in acquiring subscribers caused by the impact of the new coronavirus.

Ordinary income is expected to decline due to higher depreciation, technical costs, and system costs resulting from the launch of BS4K broadcasting and the expansion of digital services. Program expenses are expected to account for approximately 38% of non-consolidated net sales.

The assumed exchange rate is JPY110 to the US dollar.

The Company plans to pay an annual dividend of JPY80 per share, the same amount as in the previous fiscal year, based on the basic policy of continuously and stably paying dividends, as in the past.

2020年度 投資計画（単体）



それぞれ、百万円未満は切り捨てております。

Please refer to the explanation of the investment plan on page 17.

In FY2020, we plan to spend equipment primarily for BS4K broadcasting and other services scheduled to begin in December.

中期経営計画（2017年度～2020年度）との差について

■中期経営計画 目標未達の理由

- 動画配信サービスの普及によりお客さまの視聴の選択肢が増えていること
- 子会社とのシナジー効果が想定ほどなかったこと

	中期経営計画 (2020年度目標)	2020年度 事業計画	事業計画比較	
			計画差	計画比
累計正味加入件数 (単位：千件)	3,000	2,855	△145	95.2%
連結売上高 (単位：億円)	925	807	△118	87.2%
連結経常利益 (単位：億円)	100	50	△50	50.0%

The business plan for FY2020 is as described on page 18.

I would like to explain the difference between the Mid-Term Management Plan announced in May 2017 and the Mid-Term Management Plan for FY2017 to FY2020.

Under the Medium-Term Management Plan announced in 2017, we targeted cumulative net enrollment of 3 million contracts, consolidated net sales of JPY92.5 billion, and consolidated ordinary income of JPY10 billion in FY2020. The cumulative net number of subscribers reached the target until FY2018. Consolidated ordinary income exceeded the targets for FY2019 and until the previous fiscal year, but consolidated net sales fell short of the targets. Unfortunately, we do not expect to achieve any of the targets in our performance forecasts for FY2020.

The business environment is undergoing dramatic change. Currently, we are considering the formulation of a new medium-term management plan, but with the spread and expansion of video distribution services, the choice of viewing options for customers is dramatically increasing. We are also facing an extremely challenging business environment, including the recent worldwide expansion of the new coronavirus. We will examine the impact of these external factors on us, carefully consider our management strategies, and formulate them.

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I have explained the business plan and the outlook for this fiscal year, as I have just mentioned, as I would like to reiterate, that if the impact of the new coronaviral infections prolongs globally, domestic and overseas events will be further postponed, or discontinued. There is a possibility that the broadcasting of sports, live music, stages, et cetera, which we are planning to broadcast, will disappear.

As a result, we may not be able to procure or develop competitive content, which could affect the number of subscribers. It should be noted that this may have an adverse effect on the Company's performance.

I would like to finish my explanation.

Question & Answer

Moderator: We will move to Q&A now. If you have any questions, please go ahead, thank you.

Questioner A: I think it's a very hard time, Mr. Tanaka. I have one question. I have also heard that the entertainment industry in Japan is very tough because it has little support. If that is the case, there are concerns about whether or not the Japanese entertainment industry will be able to do its utmost in the second half of the fiscal year. What kind of collaboration do you think Mr. Tanaka and others will have? Of course, I think there will be many collaborations with you, such as sound-related collaborations, but because they are all done by a small company, there is a little worry about that.

Tanaka: Thank you for your participation. In the present situation, I would like to express a great deal of attention that has been interviewed in a very aggressive manner. We have received your questions and opinions, but it is true that, as is the case with major players, many people involved in entertainment are having a great deal of trouble right now. Unfortunately, various types of support have been postponed, although it may be said in other words, but we cannot say that progress is being made successfully.

It is also true that artists and creators are joining hands to expand various activities. For example, the Mini-Theater Aid Fund for movies, and we are making some donations to this. It is a great concern and hope that in the second half of the year they will be able to recover, but we will do as much as possible. For example, even a small audience would broadcast a live concert as our broadcast, and we were able to provide thorough support and deliver the concert to the customer at the same time. We are still making plans for the concert.

At the moment, we are not at the stage where we can say anything big, such as how far a very small WOWOW can go, but we intend to proceed from what we can do right now.

Moderator: Is there anyone else who has any other questions?

Questioner B: One point is that, due to corona, video distributors, or some operators, have seen an extremely high increase in membership because of people staying at home. In that context, I would like to ask your opinion on why WOWOW has not been able to turn it into a tailwind.

For what reason, unfortunately, the number of members has not increased, and you think that WOWOW has not been chosen while people are not going out? Thank you very much.

Tanaka: I, Tanaka, will reply. Although we are analyzing the impact of the coronavirus in March and April, the benefits for WOWOW as more time has been spent viewing the TV at home -- I don't think the term benefit is appropriate. The number of new subscribers

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increased in March and April compared to the previous fiscal year. The number of new subscribers exceeded that of the previous fiscal year for both subscription motivations, motivations for viewing movies and seeing dramas, as well as for such customers.

However, among the customers who have entered WOWOW for a long time, the number of customers who have entered for a long time exceeds the number of new customers who have canceled their contracts, because they want to watch tennis, or they want to watch boxing or soccer, or WOWOW standard content. Unfortunately, the result is a net decrease in net subscribers.

How do you think about it?

Questioner B: Yes, thank you.

Moderator : Is there anyone else who has any other questions?

Questioner A: I would like to ask you about the second aspect of our business plan, the expansion of digital services. There are two items, and the following are those that are centered on smart devices.

I was asked by the former Toyo Economists, it is worldwide that the growth of satellite-based pay-per-view is extremely severe. On the other hand, in light of the fact that IPTV pay-per-view broadcasting is remarkably fast, I think that the second digital service is a lifeline in the future. In this sense, what is the image of satellite-per-pay-per-view service?

Tanaka: I, Tanaka will answer. As you said, there is virtually no alternative to subscribing to WOWOW by registering a B-CAS card or ACAS card, and then subscribing from a TV. What is written here is to register and subscribe to WOWOW members on demand from the website, from the Internet, from a smartphone, or directly from a tablet. In other words, even if you do not have a CAS-card, we are currently developing a system to become a member of WOWOW.

Since WOWOW Members On Demand has been broadcasting WOWOW on three channels simultaneously for more than a year, you can enjoy all of WOWOW's contents simply by entering WOWOW Members On Demand via the website. In addition, beyond broadcasting content, some WOWOW Members On Demand includes content that is missed, archival content, or original content that is only available on WOWOW Members On Demand or online.

More importantly, we are broadcasting on tennis broadcasts, and we only broadcast one game on the broadcast, but we also offer a service where customers can choose and watch other matches that are held simultaneously on Members On Demand.

The most important pillar of this service is to create an integrated app that can be seen from a smartphone, rather than only from broadcasting. Naturally, if you subscribe to this integrated app, you will not only be able to utilize the strengths of the Internet and enjoy the other content that you have just described, but will also be able to attract a variety of member services and enjoy it. I think we will be able to make such a proposal in the future.

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I have such an image.

Questioner A: Okay. When do you start?

Tanaka: We are currently in the process of preparing for this, and we have initially planned to do so by the end of this year. However, the current situation is that it is delicate about how many people will be able to gather and prepare for the construction of this facility.

Questioner A: Okay. But faster is better. I think everyone is waiting for such a good service, so please don't say it's by the end of the year.

Tanaka: Yes. Expect it.

Questioner A: Yes, I see. Thank you very much.

Moderator: Is there anyone else who has any other questions?

Questioner A: I would like to ask about the one channel where BS4K begins. What are the characteristics of the program? In addition to the three existing channels, what you would like to do with the three channels?

Tanaka: Basically, we are planning to organize the contents centered on the contents produced by 4K. Currently, in preparation for that, all the original dramas are being produced in 4K. We also have a track record of sending 4K content to tennis and international soccer. Basically, our policy is to organize pure 4K content into such content.

Questioner A: Okay.

Moderator : Do you have any other questions? Now that you don't seem to have any questions, I'll close Q&A here.

President Tanaka, please say a word.

Tanaka: I am afraid that it was very difficult to hear in today's unfamiliar telephone briefing, but I would like to ask for your understanding.

Today, at the meeting of the Board of Directors, we have decided on a proposal that will be approved at the next month's general meeting of shareholders. Nominating [Inaudible] director candidates have been selected. This is as shown in the press release.

In anticipation of the unprecedented impact of the new coronavirus, we have placed top priority on the [defense] of management and re-elected all of our full-time directors. At the same time, as part of our crisis management, we have appointed two candidates as representatives.

I have received many questions today. In response to this rapidly changing competitive environment, which has been affected by the coronavirus, we established a new executive officer system and promoted human resources to ensure the implementation of the business plan described in this report.

We will respond flexibly and promptly in FY2020, when there are many uncertainties. We would like to ask for your understanding and support.

Thank you for today.

Moderator: We have decided to complete our briefing on the financial results for FY2019.

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Thank you very much for attending the telephone conference today.

[END]

Document Notes

1. *Portions of the document where the audio is unclear are marked as follows:
[Inaudible].*
2. *This document has been translated by SCRIPTS Asia.*