

W O W O W

Summary of 1Q FY2021 Earnings

July 30, 2021
WOWOW INC.



- 1 1Q FY2021 Earnings
- 2 FY2021 Results Forecasts
- 3 Supplementary Materials

1Q FY2021 Earnings Highlights

Gained the largest number of new subscriptions since establishment for 1Q

New Subscription

- Gained the largest number of new subscriptions since establishment for 1Q due to increase in new subscriptions by young subscribers (20s to 30s) through subscription route via internet in addition to the increasing popularity of sports content including soccer, boxing, tennis and golf
- Approximately 30% of the number of new subscriptions in 1Q was through subscription route via internet

(Thousands)

	1Q FY2020	1Q FY2021	Difference	YoY
Gross New Subscriptions	100	215	115	214.6%
Cancellations	180	177	-3	98.5%
Net New Subscriptions	-80	38	118	—

Income & Expenditure (Consolidated)

- For sales, broadcasting revenue decreased year on year, but revenue increased due to the increase in external sales of subsidiaries
- Recorded an ordinary loss due to strategic investments in large-scale sports programs

(Millions of yen)

	1Q FY2020	1Q FY2021	Difference	YoY
Revenue	19,640	19,968	328	101.7%
Operating Income	4,262	-418	-4,680	—
Ordinary Income	4,408	-322	-4,731	—

Figures rounded down to millions of yen.

1Q FY2021 Subscription

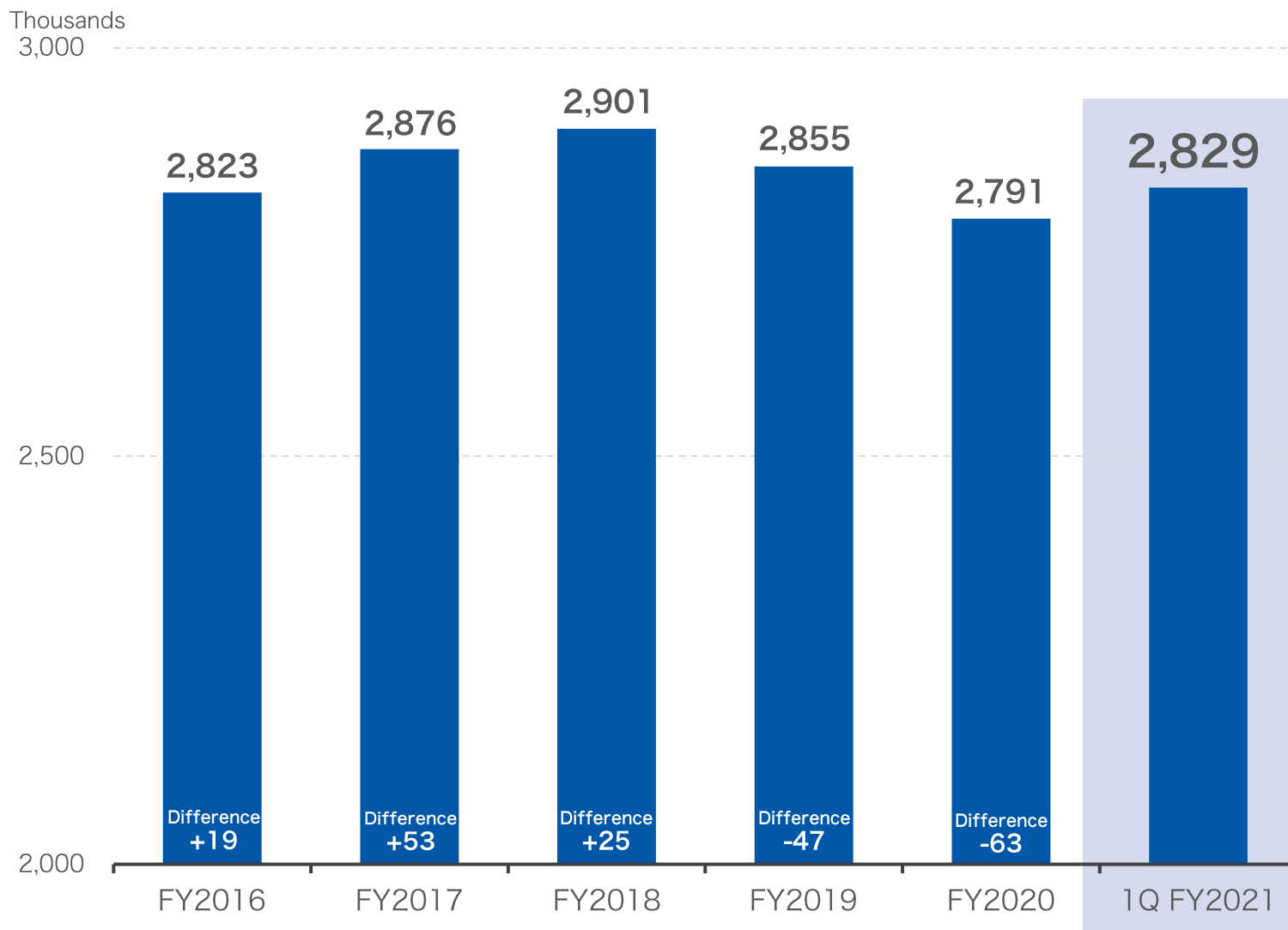
(Thousands)

	1Q FY2020	1Q FY2021	Previous Period Comparison	
			Difference	YoY
Gross New Subscriptions	100	215	115	214.6%
Cancellations	180	177	-3	98.5%
Net New Subscriptions	-80	38	118	—
Net Cumulative Subscriptions	2,775	2,829	54	102.0%
Of these, multi-subscriptions*1	403	393	-11	97.4%
Of these, hotel subscriptions*2	71	75	4	106.3%

*1 Existing subscribers are granted two additional subscriptions for a discounted price (JPY990/month – the first subscription is JPY2,530/month, tax included).

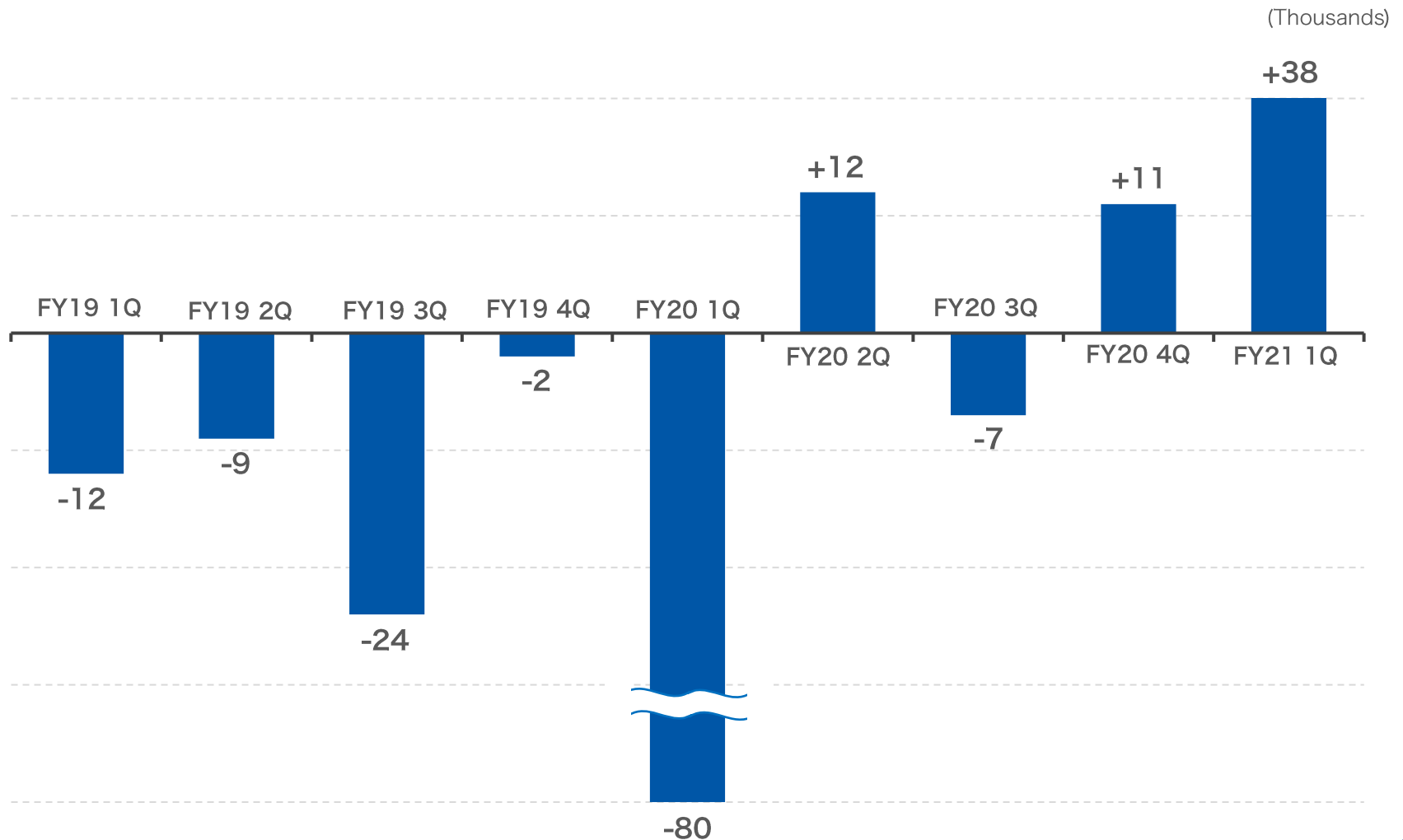
*2 Agreements with hotels and other accommodations for viewing in guest rooms.

Change in Net Cumulative Subscriptions



Change in Net Cumulative Subscriptions (Quarterly Change)

The number of net subscriptions has increased for two consecutive quarters



1Q FY2021 Income & Expenditure

(Millions of yen)

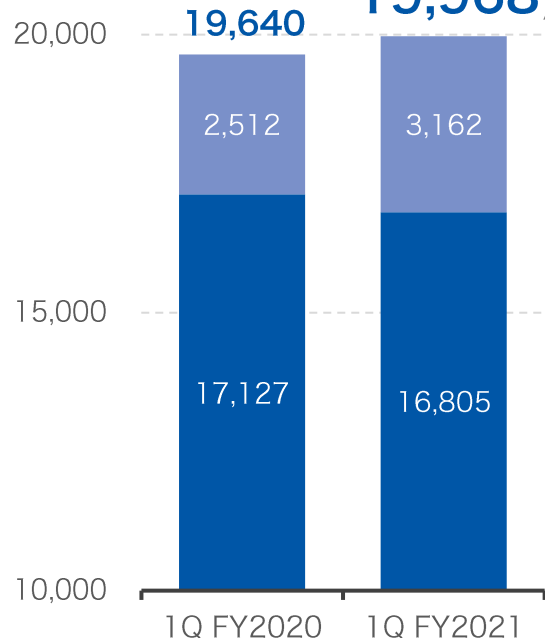
		1Q FY2020		1Q FY2021		Previous Period Comparison	
		Result	Percent of Revenue	Result	Percent of Revenue	Difference	YoY
Consolidated	Revenue	19,640	100.0%	19,968	100.0%	328	101.7%
	Operating Income	4,262	21.7%	-418	-2.1%	-4,680	—
	Ordinary Income	4,408	22.4%	-322	-1.6%	-4,731	—
	Profit Attributable to Owners of Parent	3,065	15.6%	-185	-0.9%	-3,250	—
Non-Consolidated	Revenue	17,429	100.0%	17,436	100.0%	7	100.0%
	Operating Income	4,336	24.9%	-783	-4.5%	-5,119	—
	Ordinary Income	4,694	26.9%	-438	-2.5%	-5,133	—
	Profit	3,328	19.1%	-180	-1.0%	-3,508	—

Figures rounded down to millions of yen.

Revenue Compared to Previous Period

Consolidated

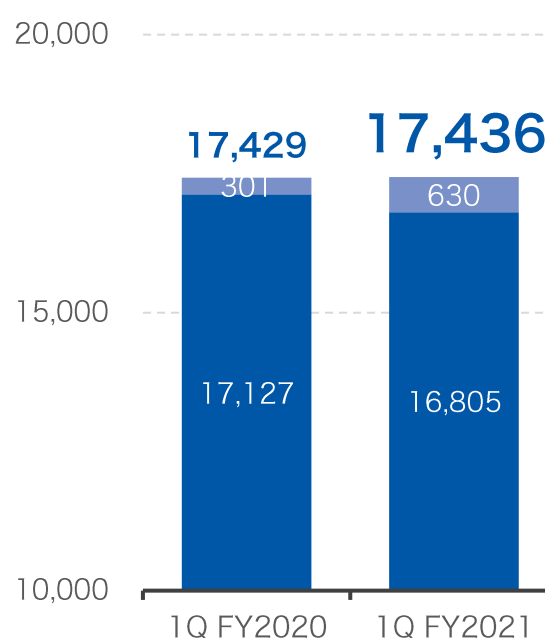
Millions of yen



YoY
101.7%

Non-Consolidated

Millions of yen



YoY
100.0%

(Millions of yen)

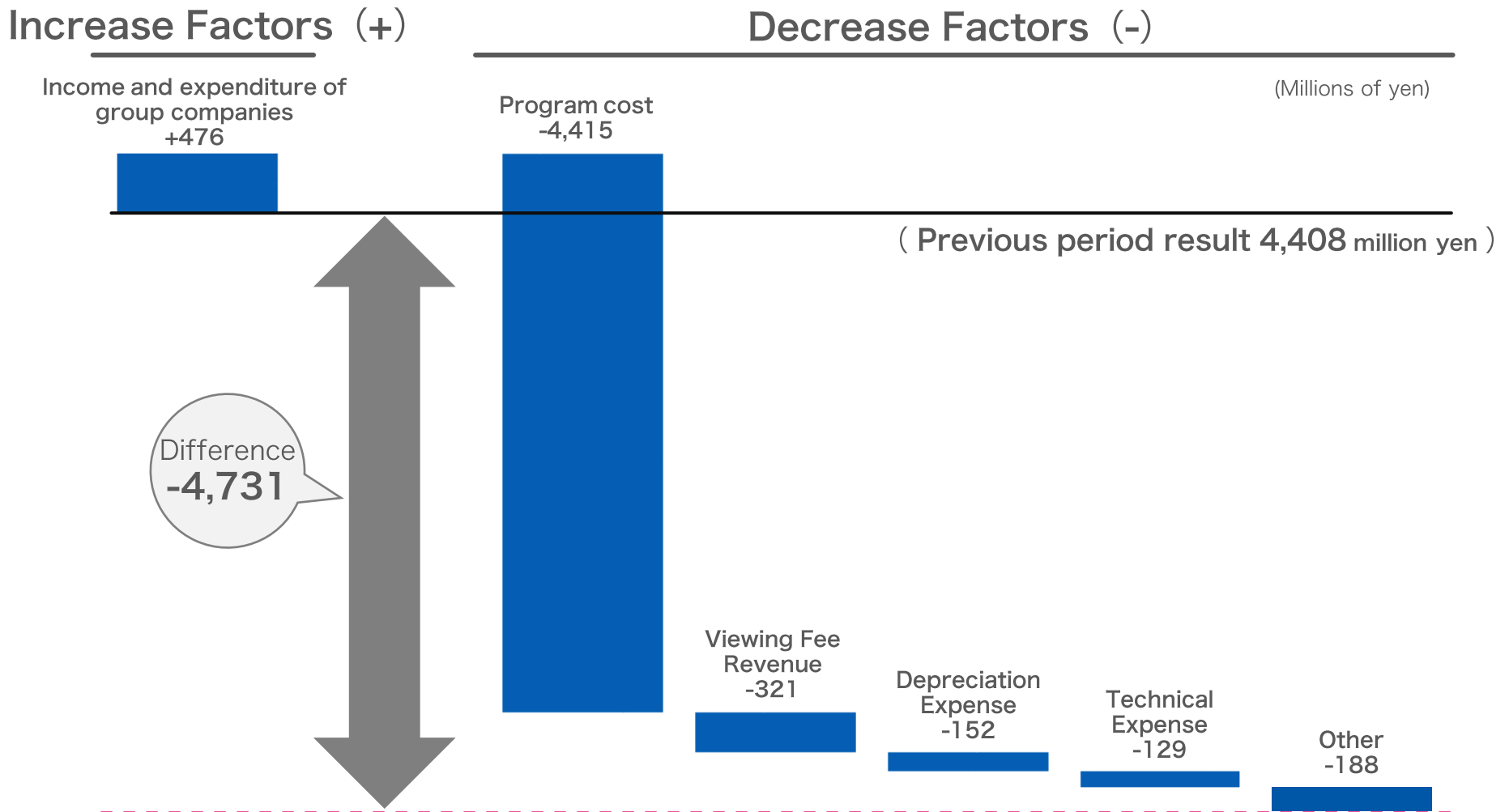
Revenue Item	1Q FY2020	1Q FY2021	Difference
Broadcasting	17,127	16,805	-321
Other	2,512	3,162	650
Total	19,640	19,968	328

(Millions of yen)

Revenue Item	1Q FY2020	1Q FY2021	Difference
Broadcasting	17,127	16,805	-321
Other	301	630	328
Total	17,429	17,436	7

Figures rounded down to millions of yen.

Consolidated Ordinary Income Factors in Difference from Previous Period

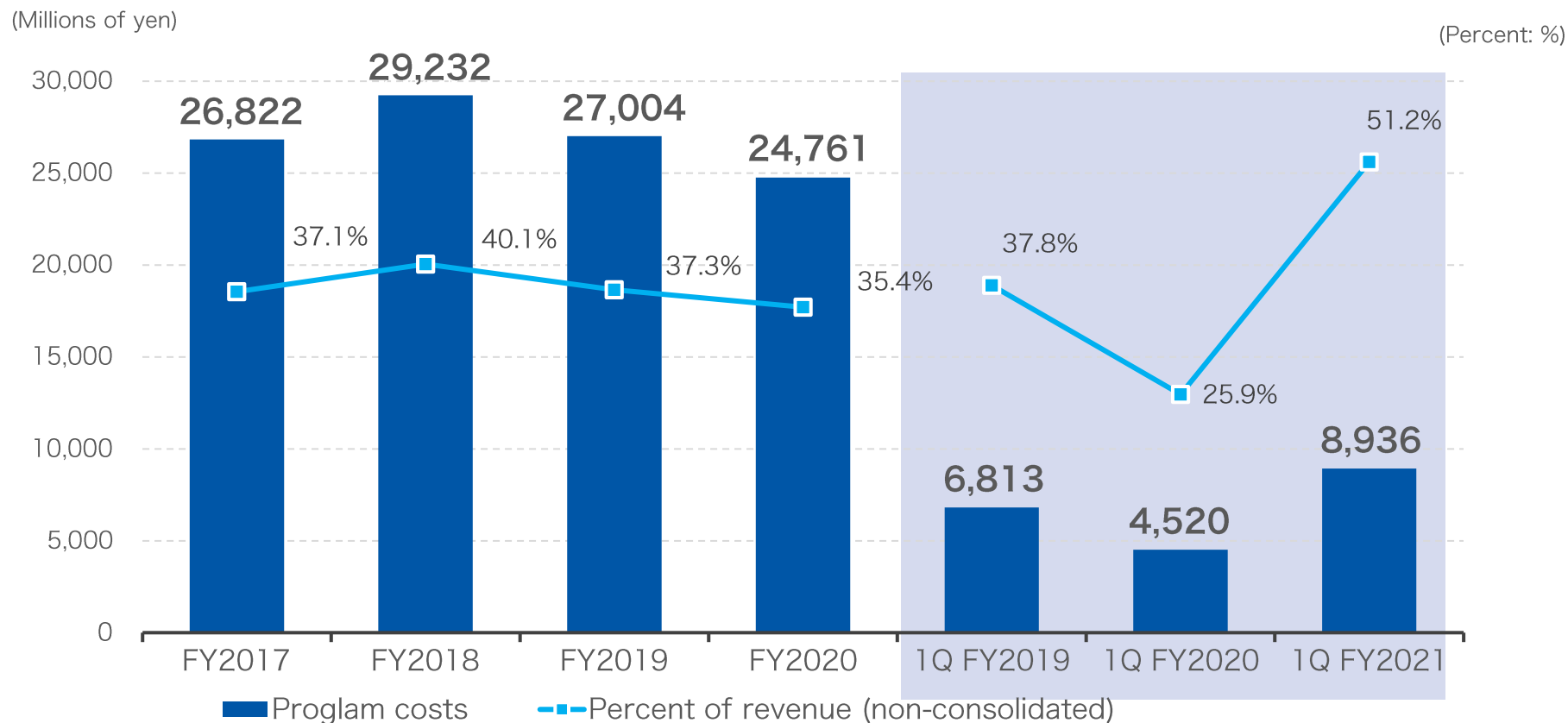


*The figure for each factor is the difference from the same period the previous year, with + representing an increase factor. **(Result : -322 million yen)**

Figures rounded down to millions of yen.

Change in Program Costs

Program costs increased year on year due to broadcasting and transmission of large-scale sports content and other factors



* All figures are non-consolidated.

Figures rounded down to millions of yen.

Income & Expenditure of Major Consolidated Earnings Companies

■WOWOW COMMUNICATIONS INC.(Telemarketing)

(Millions of yen)

	1Q FY2020		1Q FY2021		Previous Period Difference	
	Result	Percent of Revenue	Result	Percent of Revenue	Difference	YoY
Revenue	2,035	100.0%	2,443	100.0%	407	120.0%
Operating Income	-28	-1.4%	199	8.2%	228	—
Ordinary Income	-28	-1.4%	217	8.9%	245	—
Profit	-20	-1.0%	148	6.1%	168	—

*WOWOW COMMUNICATIONS non-consolidated figures

■WOWOW Plus Inc. (Broadcasting)

Revenue	1,352	100.0%	1,261	100.0%	-90	93.3%
Operating Income	74	5.5%	101	8.1%	26	135.8%
Ordinary Income	75	5.6%	102	8.1%	27	136.2%
Profit	56	4.2%	83	6.6%	26	147.9%

*WOWOW Plus Inc. non-consolidated figures

Figures rounded down to millions of yen.

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FY2021 Subscription Plan (announced May 14, 2021)

(Thousands)

	FY2020	FY2021	Previous Period Comparison	
			Difference	YoY
Gross New Subscriptions	542	730	188	134.6%
Cancellations	606	710	104	117.3%
Net New Subscriptions	-63	20	83	—
Net Cumulative Subscriptions	2,791	2,811	20	100.7%

FY2021 Income & Expenditure Plan (announced May 14, 2021)

(Millions of yen)

		FY2020		FY2021		Previous Period Comparison	
		Result	Percent of Revenue	Plan	Percent of Revenue	Difference	YoY
Consolidated	Revenue	79,165	100.0%	79,500	100.0%	334	100.4%
	Operating Income	6,789	8.6%	2,900	3.6%	-3,889	42.7%
	Ordinary Income	6,934	8.8%	3,000	3.8%	-3,934	43.3%
	Profit Attributable to Owners of Parent	2,942	3.7%	2,000	2.5%	-942	68.0%

Non-Consolidated	Revenue	69,888	100.0%	70,600	100.0%	711	101.0%
	Operating Income	6,475	9.3%	2,300	3.3%	-4,175	35.5%
	Ordinary Income	6,611	9.5%	2,700	3.8%	-3,911	40.8%
	Profit	2,783	4.0%	1,800	2.6%	-983	64.7%

Note: Program costs forecast to be approximately 41.0% of non-consolidated revenue.
Estimated foreign exchange rate: 1 USD = 110yen

Figures rounded down to millions of yen.

Annual Dividend	80 yen per share	50 yen per share	-30	62.5%
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Subscription

(Subscriptions)

		April	May	June	1Q Cumulative	Previous Period 1Q (Cumulative)	Previous Period Comparison	
							Difference	YoY
Gross New Subscriptions		41,107	54,971	119,119	215,197	100,289	114,908	214.6%
Cancellations		68,316	56,963	52,102	177,381	180,011	-2,630	98.5%
Net New Subscriptions		-27,209	-1,992	67,017	37,816	-79,722	117,538	—
	Of these, multi-subscriptions*1	-2,853	-1,577	60	-4,370	-6,499	2,129	—
	Of these, hotel subscriptions*2	331	92	-232	191	667	-476	28.6%
Net Cumulative Subscriptions at End of Period		2,764,262	2,762,270	2,829,287	2,829,287	2,775,044	54,243	102.0%
	Of these, multi-subscriptions*1	394,338	392,761	392,821	392,821	403,411	-10,590	97.4%
	Of these, hotel subscriptions*2	75,625	75,717	75,485	75,485	71,025	4,460	106.3%

*1 Existing subscribers are granted two additional subscriptions for a discounted price(JPY990/month – the first subscription is JPY2,530/month, tax included).

Previous Period (FY2020) Subscription

(Subscriptions)

	1Q	2Q	2Q Cumulative	3Q	3Q Cumulative	4Q	Fiscal Year
Gross New Subscriptions	100,289	140,404	240,693	133,711	374,404	167,842	542,246
Cancellations	180,011	127,942	307,953	140,467	448,420	157,121	605,541
Net New Subscriptions	-79,722	12,462	-67,260	-6,756	-74,016	10,721	-63,295
Of these, multi-subscriptions*1	-6,499	-217	-6,716	-3,011	-9,727	-2,992	-12,719
Of these, hotel subscriptions*2	667	3,014	3,681	993	4,674	262	4,936
Net Cumulative Subscriptions at End of Period	2,775,044	2,787,506	2,787,506	2,780,750	2,780,750	2,791,471	2,791,471
Of these, multi-subscriptions*1	403,411	403,194	403,194	400,183	400,183	397,191	397,191
Of these, hotel subscriptions*2	71,025	74,039	74,039	75,032	75,032	75,294	75,294

*1 Existing subscribers are granted two additional subscriptions for a discounted price(JPY990/month – the first subscription is JPY2,530/month, tax included).

*2 Agreements with hotels and other accommodations for viewing in guest rooms.

Income & Expenditure (Consolidated)

(Millions of yen)

	1Q FY2020		1Q FY2021		
	Results	Percent of Revenue	Results	Percent of Revenue	YoY
I. Revenue	19,640	100.0%	19,968	100.0%	101.7%
Broadcasting	17,127	87.2%	16,805	84.2%	98.1%
Other	2,512	12.8%	3,162	15.8%	125.9%
II. CoGS	9,142	46.5%	14,198	71.1%	155.3%
Gross Profit	10,497	53.5%	5,770	28.9%	55.0%
III. SG&A	6,235	31.7%	6,188	31.0%	99.2%
Operating Income	4,262	21.7%	-418	-2.1%	—
IV. Non-Operating Income	147	0.8%	125	0.6%	85.0%
Interest Income	0	0.0%	12	0.1%	—
Equity in Earnings of Affiliates	77	0.4%	34	0.2%	44.5%
Exchange Rate Profit	21	0.1%	20	0.1%	93.8%
Other	47	0.2%	58	0.3%	121.0%
V. Non-Operating Expenses	1	0.0%	30	0.2%	—
Commission paid	—	—	29	0.1%	—
Other	1	0.0%	1	0.0%	50.9%
Ordinary Income	4,408	22.4%	-322	-1.6%	—
VI. Extraordinary Income/Loss	-0	-0.0%	-0	-0.0%	—
Income before Income Tax and Minority Interests	4,408	22.4%	-323	-1.6%	—
Income Taxes (Current and Deferred), etc.	1,343	6.8%	-137	-0.7%	—
Profit Attributable to Owners of Parent	3,065	15.6%	-185	-0.9%	—

Figures rounded down to millions of yen.

Income & Expenditure (Non-Consolidated)

(Millions of yen)

	1Q FY2020		1Q FY2021		
	Results	Percent of Revenue	Results	Percent of Revenue	YoY
I. Revenue	17,429	100.0%	17,436	100.0%	100.0%
Broadcasting	17,127	98.3%	16,805	96.4%	98.1%
Other	301	1.7%	630	3.6%	209.0%
II. CoGS	7,579	43.5%	12,783	73.3%	168.7%
Gross Profit	9,849	56.5%	4,653	26.7%	47.2%
III. SG&A	5,513	31.6%	5,436	31.2%	98.6%
Operating Income	4,336	24.9%	-783	-4.5%	—
IV. Non-Operating Income	360	2.1%	375	2.2%	104.2%
Interest Income	0	0.0%	12	0.1%	—
Exchange Rate Profit	21	0.1%	21	0.1%	96.0%
Other	337	1.9%	341	2.0%	101.1%
V. Non-Operating Expenses	1	0.0%	30	0.2%	—
Commission paid	—	—	29	0.2%	—
Other	1	0.0%	1	0.0%	50.9%
Ordinary Income	4,694	26.9%	-438	-2.5%	—
VI. Extraordinary Income/Loss	-0	-0.0%	-0	-0.0%	—
Income before Income Tax and Minority Interests	4,694	26.9%	-438	-2.5%	—
Income Taxes (Current and Deferred), etc.	1,366	7.8%	-258	-1.5%	—
Profit	3,328	19.1%	-180	-1.0%	—

Figures rounded down to millions of yen.

Expenditure Breakdown (Non-Consolidated)

(Millions of yen)

1Q FY2020	1Q FY2021	YoY
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(1) CoGS Items

Program cost	4,520	8,936	197.7%
Broadcasting Technology Cost	725	854	117.8%
Expenses for Programming Guide	657	644	98.0%
Other	1,675	2,348	140.1%
Total	7,579	12,783	168.7%

(2) SG&A Items

Merchandising Expense	197	268	136.0%
Retention Commission Paid	1,289	1,205	93.5%
Credit Collection Agency Fee Paid	349	352	100.9%
Advertisement Expenses	1,056	918	86.9%
Customer Center Expenses	481	527	109.5%
Other	2,139	2,165	101.2%
Total	5,513	5,436	98.6%

(3) Depreciation Expense

Depreciation Expense	573	747	130.4%
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Figures rounded down to millions of yen.

Extraordinary Income/Loss Breakdown

(Millions of yen)

1Q FY2020	1Q FY2021	YoY
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(Consolidated)

Extraordinary Losses			
Loss from Elimination of Non-Current Assets	0	0	422.8%
Total	0	0	422.8%

(Non-Consolidated)

Extraordinary Losses			
Loss from Elimination of Non-Current Assets	0	0	242.8%
Total	0	0	242.8%

Figures rounded down to millions of yen.

Results by Consolidated Segment

(Millions of yen)

	Revenue			Segment Income (Operating Income)		
	1Q FY2020	1Q FY2021	YoY	1Q FY2020	1Q FY2021	YoY
Broadcasting	18,752	18,619	99.3%	4,291	-617	—
Telemarketing	2,035	2,443	120.0%	-28	199	—
Total	20,788	21,063	101.3%	4,262	-418	—
Adjusted*	-1,147	-1,094	—	—	—	—
Consolidated	19,640	19,968	101.7%	4,262	-418	—

*Adjustment of revenue offsets transactions between segments, and adjustment of segment income is based on consolidation adjustment.

Figures rounded down to millions of yen.

Balance Sheets (Consolidated)

(Millions of yen)

	As of March 31, 2021		As of June 30, 2021		Compared to End of Previous Period	
	Results	Share	Results	Share	Difference	Compared to End of Previous Period
Current Assets	57,033	63.0%	49,520	59.9%	-7,513	86.8%
Non-Current Assets	33,560	37.0%	33,108	40.1%	-451	98.7%
Current Liabilities	26,667	29.4%	21,229	25.7%	-5,438	79.6%
Non-Current Liabilities	2,169	2.4%	2,167	2.6%	-2	99.9%
Capital Stock	5,000	5.5%	5,000	6.1%	—	100.0%
Capital Surplus	2,777	3.1%	2,777	3.4%	—	100.0%
Retained Earnings	56,461	62.3%	54,113	65.5%	-2,348	95.8%
Treasury Shares	-3,002	-3.3%	-3,002	-3.6%	—	100.0%
Shareholders' Equity	61,236	67.6%	58,887	71.3%	-2,348	96.2%
Accumulated Other Comprehensive Income	520	0.6%	345	0.4%	-174	66.4%
Net Assets	61,756	68.2%	59,232	71.7%	-2,523	95.9%
Total Assets	90,593	100.0%	82,629	100.0%	-7,964	91.2%

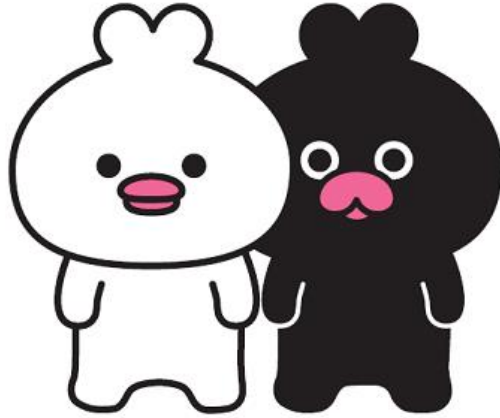
Figures rounded down to millions of yen.

Balance Sheets (Non-Consolidated)

(Millions of yen)

	As of March 31, 2021		As of June 30, 2021		Compared to End of Previous Period	
	Results	Share	Results	Share	Difference	Compared to End of Previous Period
Current Assets	50,217	61.0%	42,481	57.2%	-7,735	84.6%
Non-Current Assets	32,149	39.0%	31,753	42.8%	-396	98.8%
Current Liabilities	25,694	31.2%	20,071	27.0%	-5,623	78.1%
Non-Current Liabilities	2,092	2.5%	2,092	2.8%	0	100.0%
Capital Stock	5,000	6.1%	5,000	6.7%	—	100.0%
Capital Surplus	2,777	3.4%	2,777	3.7%	—	100.0%
Retained Earnings	49,219	59.8%	46,876	63.1%	-2,343	95.2%
Treasury Shares	-3,002	-3.6%	-3,002	-4.0%	—	100.0%
Shareholders' Equity	53,994	65.6%	51,650	69.6%	-2,343	95.7%
Valuation and Translation	586	0.7%	420	0.6%	-165	71.7%
Net Assets	54,580	66.3%	52,071	70.1%	-2,508	95.4%
Total Assets	82,367	100.0%	74,234	100.0%	-8,132	90.1%

Figures rounded down to millions of yen.



WOWOW

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Cautionary Statement:

The earnings forecasts described in this document are made based on decisions and assumptions relying on information currently available to WOWOW INC. as of the date hereof and thus include risks and uncertainties.

The actual financial results may substantially differ due to various factors.

The factors that may influence actual financial results include, but are not limited to, economic conditions and market trends surrounding business sectors of WOWOW INC. and its group companies.

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