

# W O W O W

## Summary of 1Q FY2020 Earnings

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July 31, 2020  
WOWOW INC.



1 1Q FY2020 Earnings (April-June)

2 FY2020 Results Forecasts

3 Supplementary Materials

# 1Q FY2020 Earnings Highlights

Net new subscriptions decreased by 80,000, and revenue decreased while income increased

## New Subscription

- Endeavored to gain new subscriptions and maintain existing subscriptions by collaborating with creators and artists, as seen in initiatives including the remotely produced short drama series “Romance in May 2020,” the free, 12-hour live broadcasts of Southern All Stars and Keisuke Kuwata, and GLAY’s original behind-closed-doors live broadcast.
- However, gaining new subscriptions was immensely difficult due to the postponement and cancellation of sporting events caused by the impact of the spread of COVID-19.

(Thousands)

	1Q FY2019	1Q FY2020	Difference	YoY
Gross New Subscriptions	148	100	-48	67.7%
Cancellations	160	180	20	112.5%
Net New Subscriptions	-12	-80	-68	—

## Income & Expenditure (Consolidated)

- Revenue decreased due to decrease in number of net cumulative subscriptions year on year and other factors.
- Ordinary income increased year on year due to decrease in program costs and other factors.

(Millions of yen)

	1Q FY2019	1Q FY2020	Difference	YoY
Revenue	20,277	19,640	-637	96.9%
Operating Income	2,585	4,262	1,677	164.9%
Ordinary Income	2,756	4,408	1,652	159.9%

Figures rounded down to millions of yen.

# 1Q FY2020 Subscription

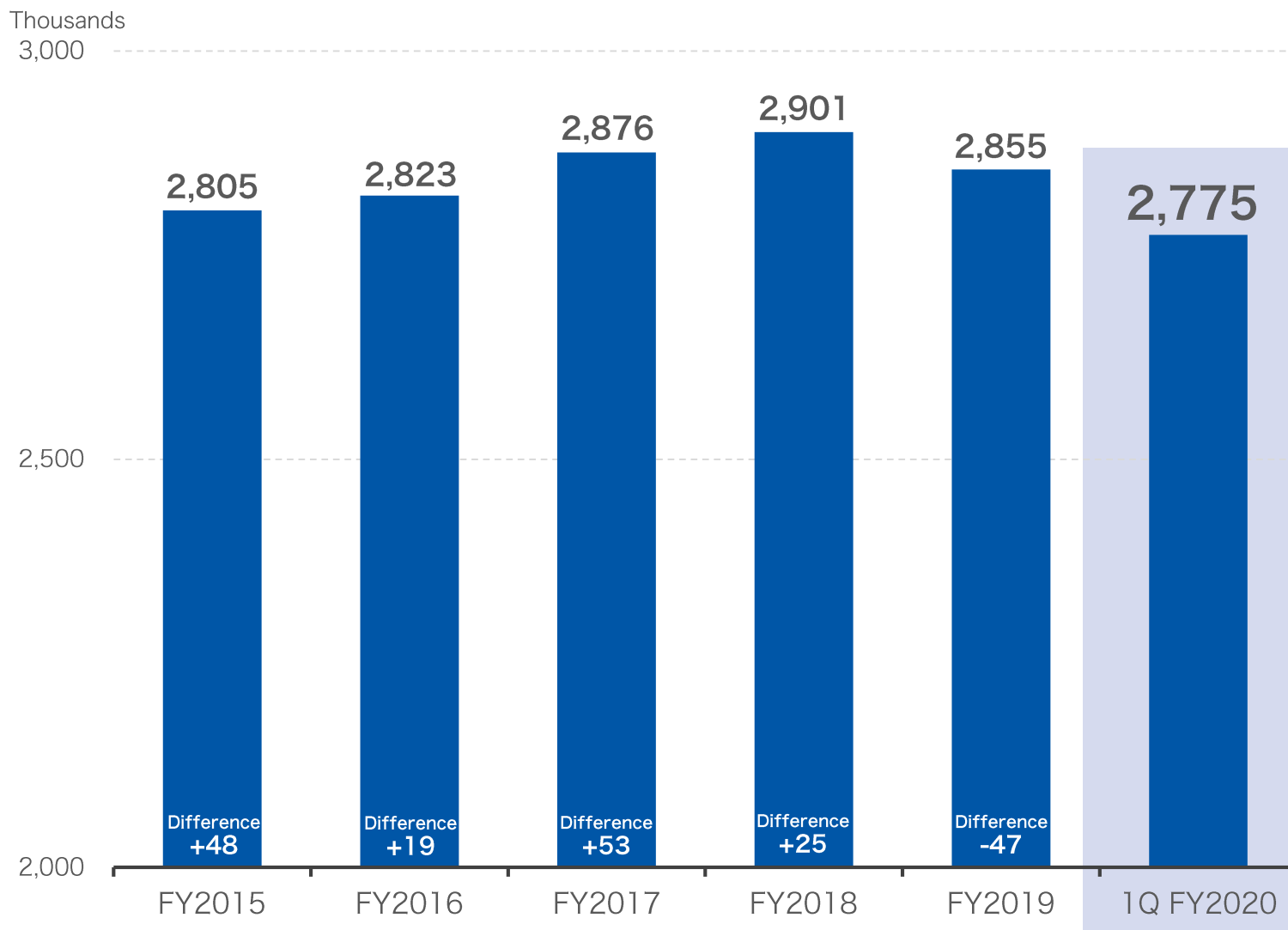
(Thousands)

	1Q FY2019	1Q FY2020	Previous Period Comparison	
			Difference	YoY
Gross New Subscriptions	148	100	-48	67.7%
Cancellations	160	180	20	112.5%
Net New Subscriptions	-12	-80	-68	—
Net Cumulative Subscriptions	2,890	2,775	-115	96.0%
Of these, multi-subscriptions*1	413	403	-10	97.6%
Of these, hotel subscriptions*2	66	71	5	107.6%

\*1 Existing subscribers are granted two additional subscriptions for a discounted price (JPY900/month – the first subscription is JPY2,300/month, tax not included).

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

# Change in Net Cumulative Subscriptions



# 1Q FY2020 Income & Expenditure

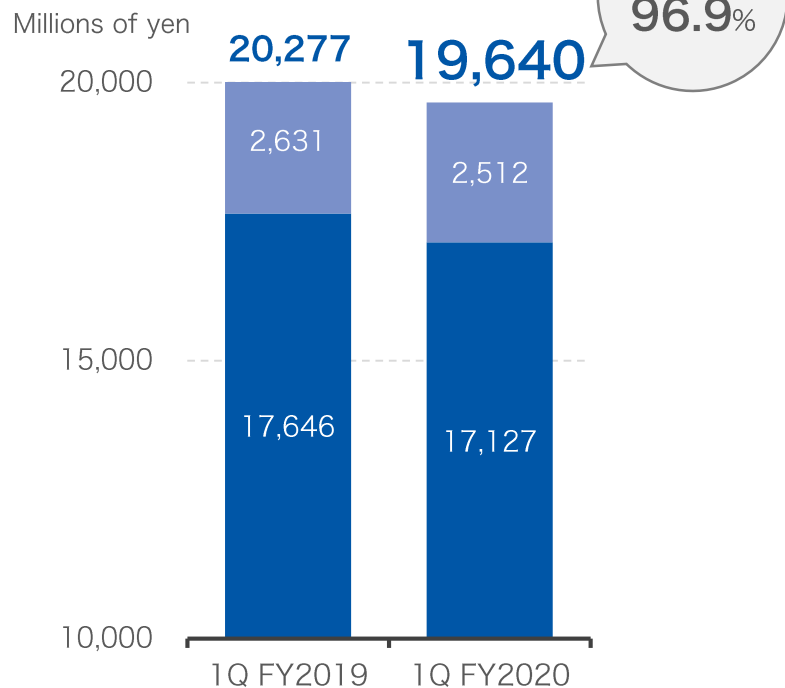
(Millions of yen)

		1Q FY2019		1Q FY2020		Previous Period Comparison	
		Result	Percent of Revenue	Result	Percent of Revenue	Difference	YoY
Consolidated	Revenue	20,277	100.0%	19,640	100.0%	-637	96.9%
	Operating Income	2,585	12.7%	4,262	21.7%	1,677	164.9%
	Ordinary Income	2,756	13.6%	4,408	22.4%	1,652	159.9%
	Profit Attributable to Owners of Parent	1,888	9.3%	3,065	15.6%	1,176	162.3%
Non-Consolidated	Revenue	18,033	100.0%	17,429	100.0%	-603	96.7%
	Operating Income	2,509	13.9%	4,336	24.9%	1,827	172.8%
	Ordinary Income	2,915	16.2%	4,694	26.9%	1,779	161.0%
	Profit	2,080	11.5%	3,328	19.1%	1,247	159.9%

Figures rounded down to millions of yen.

# Revenue Compared to Previous Period

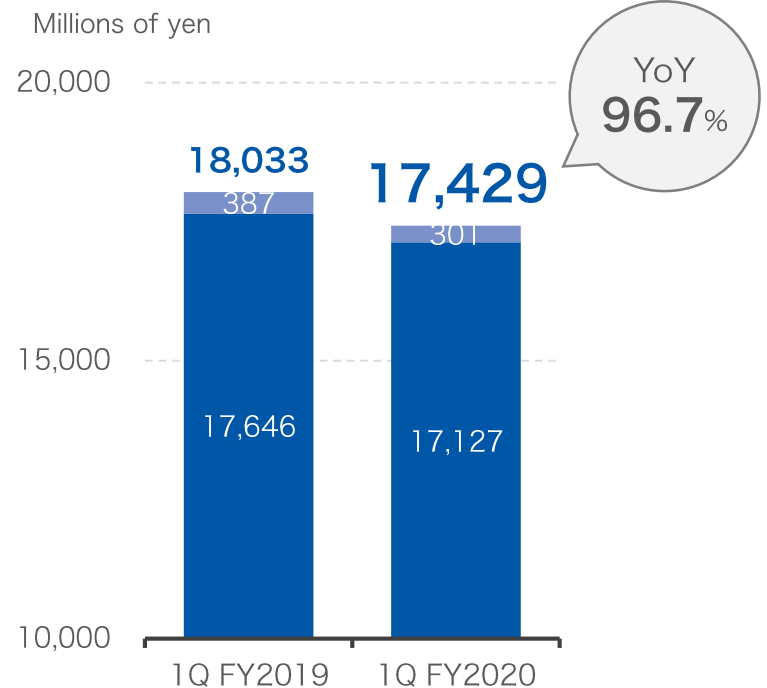
## Consolidated



(Millions of yen)

Revenue Item	1Q FY2019	1Q FY2020	Difference
Broadcasting	17,646	17,127	-518
Other	2,631	2,512	-119
<b>Total</b>	<b>20,277</b>	<b>19,640</b>	<b>-637</b>

## Non-Consolidated

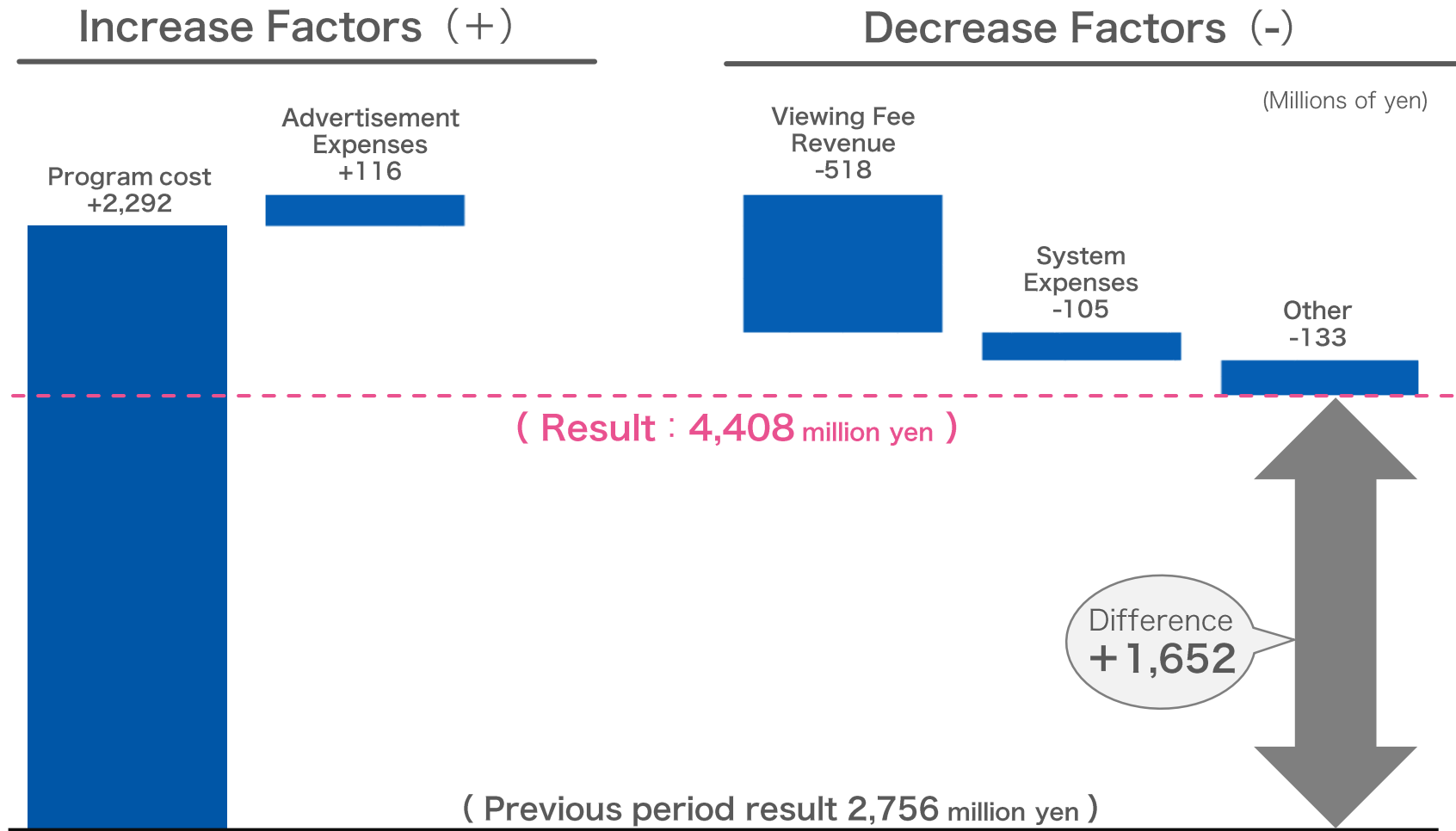


(Millions of yen)

Revenue Item	1Q FY2019	1Q FY2020	Difference
Broadcasting	17,646	17,127	-518
Other	387	301	-85
<b>Total</b>	<b>18,033</b>	<b>17,429</b>	<b>-603</b>

Figures rounded down to millions of yen.

# Consolidated Ordinary Income Factors in Difference from Previous Period



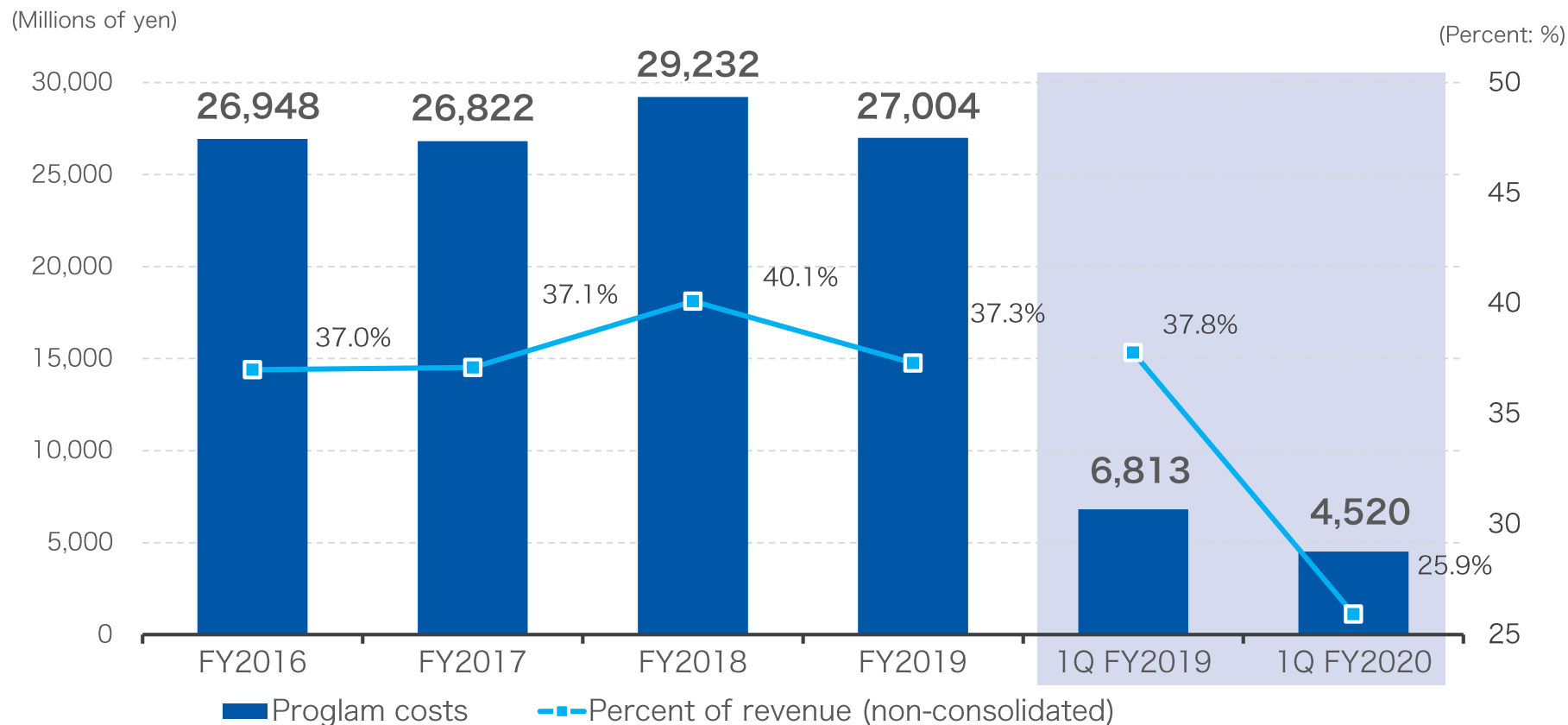
\*The figure for each factor is the difference from the same period the previous year, with + representing an increase factor.

Figures rounded down to millions of yen.



# Change in Program Costs

Program costs decreased year on year due to the postponement and cancellation of sporting events



\*All figures are non-consolidated.

Figures rounded down to millions of yen.

\* Program costs (FY2020) : Program costs forecast to be approximately 38% of non-consolidated revenue.

# Income & Expenditure of Major Consolidated Earnings Companies

## ■WOWOW COMMUNICATIONS (Telemarketing)

(Millions of yen)

	1Q FY2019		1Q FY2020		Previous Period Difference	
	Result	Percent of Revenue	Result	Percent of Revenue	Difference	YoY
Revenue	2,077	100.0%	2,035	100.0%	-41	98.0%
Operating Income	15	0.8%	-28	-1.4%	-44	—
Ordinary Income	17	0.8%	-28	-1.4%	-45	—
Profit	10	0.5%	-20	-1.0%	-30	—

\*WOWOW COMMUNICATIONS non-consolidated figures

## ■WOWOW Plus Inc. (Broadcasting)

Revenue	1,230	100.0%	1,352	100.0%	122	109.9%
Operating Income	45	3.7%	74	5.5%	29	164.6%
Ordinary Income	45	3.7%	75	5.6%	29	163.6%
Profit	27	2.2%	56	4.2%	29	206.4%

\*WOWOW Plus Inc. non-consolidated figures

Figures rounded down to millions of yen.

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# FY2020 Subscription Plan (announced May 15, 2020)

(Thousands)

	FY2019	FY2020	Previous Period Comparison	
			Difference	YoY
Gross New Subscriptions	564	630	66	111.7%
Cancellations	611	630	19	103.2%
Net New Subscriptions	-47	—	47	—
Net Cumulative Subscriptions	2,855	2,855	0	100.0%

# FY2020 Income & Expenditure Plan (announced May 15, 2020)

(Millions of yen)

		FY2019		FY2020		Previous Period Comparison	
		Result	Percent of Revenue	Plan	Percent of Revenue	Difference	YoY
Consolidated	Revenue	82,450	100.0%	80,700	100.0%	-1,750	97.9%
	Operating Income	8,489	10.3%	4,800	5.9%	-3,689	56.5%
	Ordinary Income	9,225	11.2%	5,000	6.2%	-4,225	54.2%
	Profit Attributable to Owners of Parent	5,072	6.2%	3,300	4.1%	-1,772	65.1%

Non-Consolidated	Revenue	72,489	100.0%	70,500	100.0%	-1,989	97.3%
	Operating Income	7,932	10.9%	4,700	6.7%	-3,232	59.3%
	Ordinary Income	8,580	11.8%	5,100	7.2%	-3,480	59.4%
	Profit	4,613	6.4%	3,500	5.0%	-1,113	75.9%

Note: Program costs forecast to be approximately 38% of non-consolidated revenue.  
Estimated foreign exchange rate: 1 USD = 110yen

Figures rounded down to millions of yen.

Annual Dividend	80 yen per share	80 yen per share	—	100.0%
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# Subscription

(Subscriptions)

	April	May	June	1Q Cumulative	Previous Period 1Q (Cumulative)	Previous Period Comparison	
						Difference	YoY
Gross New Subscriptions	35,829	29,693	34,767	100,289	148,201	-47,912	67.7%
Cancellations	70,822	60,909	48,280	180,011	159,986	20,025	112.5%
Net New Subscriptions	-34,993	-31,216	-13,513	-79,722	-11,785	-67,937	676.5%
Of these, multi-subscriptions*1	-3,267	-1,765	-1,467	-6,499	-1,886	-4,613	344.6%
Of these, hotel subscriptions*2	198	-29	498	667	1,818	-1,151	36.7%
Net Cumulative Subscriptions at End of Period	2,819,773	2,788,557	2,775,044	2,775,044	2,889,708	-114,664	96.0%
Of these, multi-subscriptions*1	406,643	404,878	403,411	403,411	413,403	-9,992	97.6%
Of these, hotel subscriptions*2	70,556	70,527	71,025	71,025	65,998	5,027	107.6%

\*1 Existing subscribers are granted two additional subscriptions for a discounted price(JPY900/month – the first subscription is JPY2,300/month, tax not included).

# Previous Period (FY2019) Subscription

(Subscriptions)

	1Q	2Q	2Q Cumulative	3Q	3Q Cumulative	4Q	Fiscal Year
Gross New Subscriptions	148,201	133,757	281,958	119,945	401,903	162,012	563,915
Cancellations	159,986	142,904	302,890	143,744	446,634	164,008	610,642
Net New Subscriptions	-11,785	-9,147	-20,932	-23,799	-44,731	-1,996	-46,727
Of these, multi-subscriptions*1	-1,886	-446	-2,332	-1,978	-4,310	-1,069	-5,379
Of these, hotel subscriptions*2	1,818	1,899	3,717	727	4,444	1,734	6,178
Net Cumulative Subscriptions at End of Period	2,889,708	2,880,561	2,880,561	2,856,762	2,856,762	2,854,766	2,854,766
Of these, multi-subscriptions*1	413,403	412,957	412,957	410,979	410,979	409,910	409,910
Of these, hotel subscriptions*2	65,998	67,897	67,897	68,624	68,624	70,358	70,358

\*1 Existing subscribers are granted two additional subscriptions for a discounted price(JPY900/month – the first subscription is JPY2,300/month, tax not included).

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



# Income & Expenditure (Consolidated)

(Millions of yen)

	1Q FY2019		1Q FY2020		
	Results	Percent of Revenue	Results	Percent of Revenue	YoY
I. Revenue	20,277	100.0%	19,640	100.0%	96.9%
Broadcasting	17,646	87.0%	17,127	87.2%	97.1%
Other	2,631	13.0%	2,512	12.8%	95.5%
II. CoGS	11,453	56.5%	9,142	46.5%	79.8%
Gross Profit	8,824	43.5%	10,497	53.5%	119.0%
III. SG&A	6,239	30.8%	6,235	31.7%	99.9%
Operating Income	2,585	12.7%	4,262	21.7%	164.9%
IV. Non-Operating Income	173	0.9%	147	0.8%	85.2%
Interest Income	0	0.0%	0	0.0%	121.7%
Equity in Earnings of Affiliates	59	0.3%	77	0.4%	130.1%
Exchange Rate Profit	66	0.3%	21	0.1%	33.0%
Other	47	0.2%	47	0.2%	102.1%
V. Non-Operating Expenses	1	0.0%	1	0.0%	100.0%
Other	1	0.0%	1	0.0%	100.0%
Ordinary Income	2,756	13.6%	4,408	22.4%	159.9%
VI. Extraordinary Income/Loss	-1	-0.0%	-0	-0.0%	—
Income before Income Tax and Minority Interests	2,755	13.6%	4,408	22.4%	160.0%
Income Taxes (Current and Deferred), etc.	866	4.3%	1,343	6.8%	155.0%
Profit Attributable to Owners of Parent	1,888	9.3%	3,065	15.6%	162.3%

Figures rounded down to millions of yen.

# Income & Expenditure (Non-Consolidated)

(Millions of yen)

	1Q FY2019		1Q FY2020		
	Results	Percent of Revenue	Results	Percent of Revenue	YoY
I. Revenue	18,033	100.0%	17,429	100.0%	96.7%
Broadcasting	17,646	97.9%	17,127	98.3%	97.1%
Other	387	2.1%	301	1.7%	77.9%
II. CoGS	10,019	55.6%	7,579	43.5%	75.7%
Gross Profit	8,014	44.4%	9,849	56.5%	122.9%
III. SG&A	5,505	30.5%	5,513	31.6%	100.2%
Operating Income	2,509	13.9%	4,336	24.9%	172.8%
IV. Non-Operating Income	408	2.3%	360	2.1%	88.3%
Interest Income	0	0.0%	0	0.0%	121.9%
Exchange Rate Profit	66	0.4%	21	0.1%	33.0%
Other	341	1.9%	337	1.9%	99.0%
V. Non-Operating Expenses	1	0.0%	1	0.0%	100.0%
Other	1	0.0%	1	0.0%	100.0%
Ordinary Income	2,915	16.2%	4,694	26.9%	161.0%
VI. Extraordinary Income/Loss	-1	-0.0%	-0	-0.0%	—
Income before Income Tax and Minority Interests	2,914	16.2%	4,694	26.9%	161.1%
Income Taxes (Current and Deferred), etc.	833	4.6%	1,366	7.8%	163.9%
Profit	2,080	11.5%	3,328	19.1%	159.9%

Figures rounded down to millions of yen.

# Expenditure Breakdown (Non-Consolidated)

(Millions of yen)

1Q FY2019	1Q FY2020	YoY
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## (1) CoGS Items

Program cost	6,813	4,520	66.3%
Broadcasting Technology Cost	697	725	104.0%
Expenses for Programming Guide	649	657	101.2%
Other	1,858	1,675	90.2%
Total	10,019	7,579	75.7%

## (2) SG&A Items

Merchandising Expense	291	197	67.7%
Retention Commission Paid	1,299	1,289	99.2%
Credit Collection Agency Fee Paid	367	349	95.2%
Advertisement Expenses	1,146	1,056	92.2%
Customer Center Expenses	496	481	97.0%
Other	1,904	2,139	112.3%
Total	5,505	5,513	100.2%

## (3) Depreciation Expense

Depreciation Expense	568	573	100.8%
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Figures rounded down to millions of yen.

# Extraordinary Income/Loss Breakdown

(Millions of yen)

1Q FY2019	1Q FY2020	YoY
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(Consolidated)

Extraordinary Income			
Income from Sale of Non-Current Assets	0	—	—
<b>Total</b>	<b>0</b>	<b>—</b>	<b>—</b>
Extraordinary Losses			
Loss from Elimination of Non-Current Assets	0	0	30.9%
Loss on Valuation of Golf Memberships	0	—	—
<b>Total</b>	<b>1</b>	<b>0</b>	<b>10.9%</b>

(Non-Consolidated)

Extraordinary Income			
Income from Sale of Non-Current Assets	0	—	—
<b>Total</b>	<b>0</b>	<b>—</b>	<b>—</b>
Extraordinary Losses			
Loss from Elimination of Non-Current Assets	0	0	30.9%
Loss on Valuation of Golf Memberships	0	—	—
<b>Total</b>	<b>1</b>	<b>0</b>	<b>10.9%</b>

Figures rounded down to millions of yen.

# Results by Consolidated Segment

(Millions of yen)

	Revenue			Segment Income (Operating Income)		
	1Q FY2019	1Q FY2020	YoY	1Q FY2019	1Q FY2020	YoY
Broadcasting	19,284	18,752	97.2%	2,569	4,291	167.0%
Telemarketing	2,077	2,035	98.0%	15	-28	—
Total	21,361	20,788	97.3%	2,585	4,262	164.9%
Adjusted*	-1,084	-1,147	—	—	—	—
Consolidated	20,277	19,640	96.9%	2,585	4,262	164.9%

\*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, 2020		As of June 30, 2020		Compared to End of Previous Period	
	Results	Share	Results	Share	Difference	Compared to End of Previous Period
Current Assets	60,045	66.7%	59,456	65.4%	-588	99.0%
Non-Current Assets	29,979	33.3%	31,450	34.6%	1,471	104.9%
Current Liabilities	26,617	29.6%	26,664	29.3%	47	100.2%
Non-Current Liabilities	2,850	3.2%	2,720	3.0%	-130	95.4%
Capital Stock	5,000	5.6%	5,000	5.5%	—	100.0%
Capital Surplus	2,738	3.0%	2,738	3.0%	—	100.0%
Retained Earnings	55,678	61.8%	56,584	62.2%	906	101.6%
Treasury Shares	-3,081	-3.4%	-3,081	-3.4%	—	100.0%
Shareholders' Equity	60,334	67.0%	61,240	67.4%	906	101.5%
Accumulated Other Comprehensive Income	220	0.2%	280	0.3%	59	127.2%
Net Assets	60,555	67.3%	61,521	67.7%	966	101.6%
Total Assets	90,024	100.0%	90,906	100.0%	882	101.0%

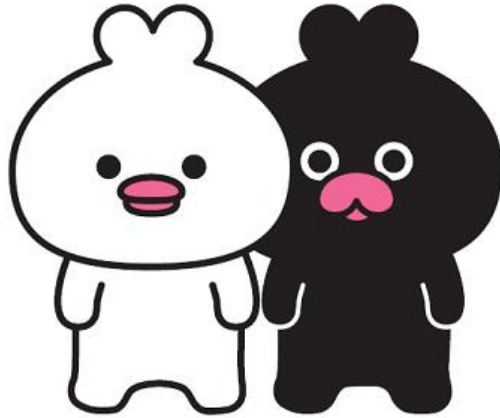
Figures rounded down to millions of yen.

# Balance Sheets (Non-Consolidated)

(Millions of yen)

	As of March 31, 2020		As of June 30, 2020		Compared to End of Previous Period	
	Results	Share	Results	Share	Difference	Compared to End of Previous Period
Current Assets	53,090	65.5%	52,926	64.3%	-164	99.7%
Non-Current Assets	27,928	34.5%	29,444	35.7%	1,515	105.4%
Current Liabilities	25,316	31.2%	25,563	31.0%	246	101.0%
Non-Current Liabilities	2,173	2.7%	2,047	2.5%	-125	94.2%
Capital Stock	5,000	6.2%	5,000	6.1%	—	100.0%
Capital Surplus	2,738	3.4%	2,738	3.3%	—	100.0%
Retained Earnings	48,595	60.0%	49,764	60.4%	1,168	102.4%
Treasury Shares	-3,081	-3.8%	-3,081	-3.7%	—	100.0%
Shareholders' Equity	53,252	65.7%	54,420	66.1%	1,168	102.2%
Valuation and Translation	277	0.3%	338	0.4%	61	122.2%
Net Assets	53,529	66.1%	54,759	66.5%	1,230	102.3%
Total Assets	81,019	100.0%	82,370	100.0%	1,351	101.7%

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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