

W O W O W

Summary of 3Q FY2020 Earnings

Jan 29, 2021
WOWOW INC.



- 1 3Q FY2020 Earnings (April-December)
- 2 FY2020 Results Forecasts
- 3 Supplementary Materials

3Q FY2020 Earnings Highlights

Net new subscriptions decreased by 74,000, and revenue decreased while income increased

New Subscription

- Gaining new subscriptions was difficult until July due to the postponement and cancellation of sporting events caused by COVID-19, however programs such as the US Open Tennis Championships drove new subscription in August and September, resulting in monthly increase in net new subscriptions.
- From October onward, although programs such as boxing, golf and drama series Cold Case 3 (Japan) for WOWOW's 30th anniversary were well received, the number of net new subscriptions decreased at the end of the third quarter.

(Thousands)

	3Q FY2019	3Q FY2020	Difference	YoY
Gross New Subscriptions	402	374	-27	93.2%
Cancellations	447	448	2	100.4%
Net New Subscriptions	-45	-74	-29	-

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)

	3Q FY2019	3Q FY2020	Difference	YoY
Revenue	61,640	59,187	-2,452	96.0%
Operating Income	7,755	10,220	2,464	131.8%
Ordinary Income	8,218	10,401	2,183	126.6%

Figures rounded down to millions of yen.

3Q FY2020 Subscription

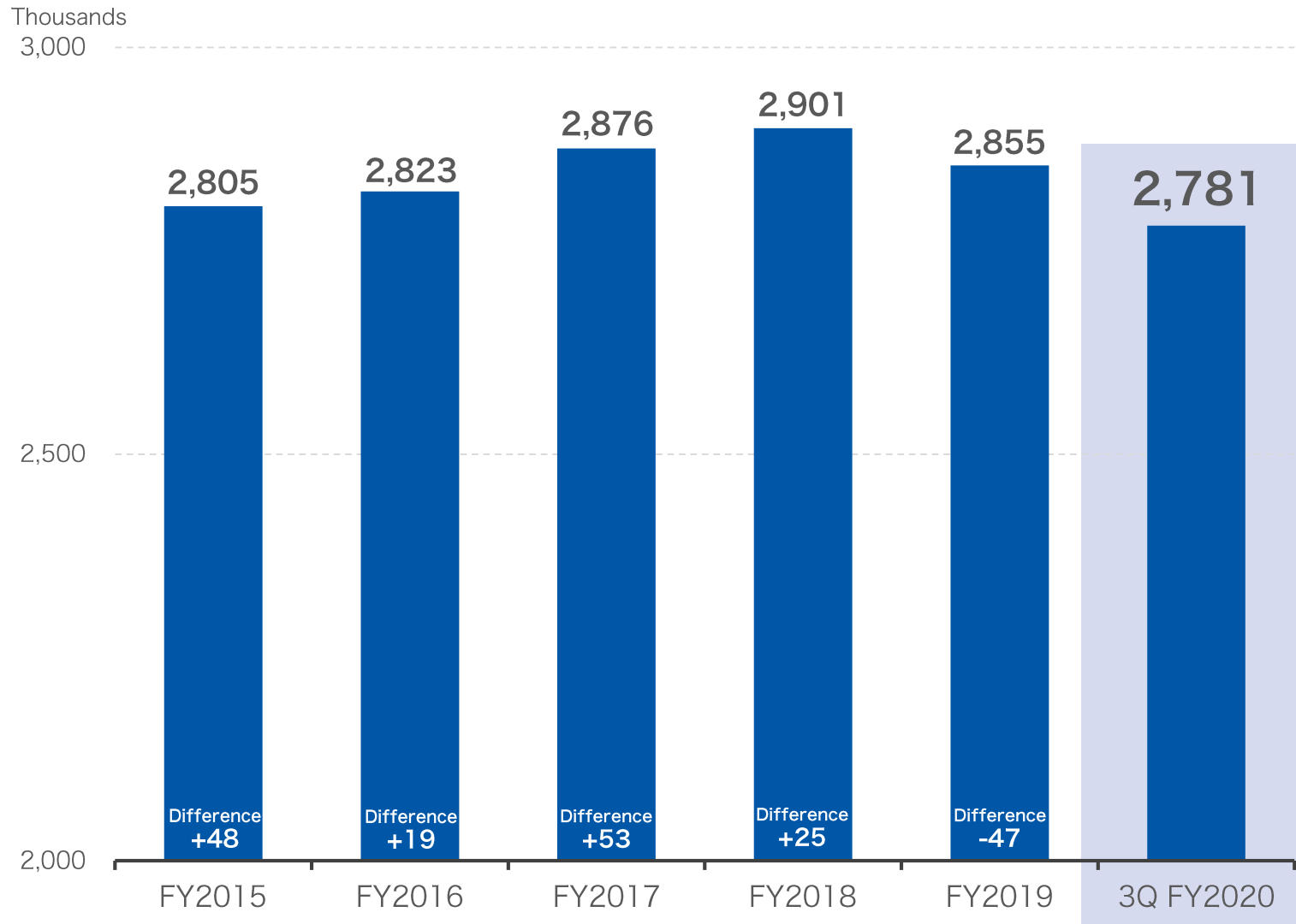
(Thousands)

	3Q FY2019	3Q FY2020	Previous Period Comparison	
			Difference	YoY
Gross New Subscriptions	402	374	-27	93.2%
Cancellations	447	448	2	100.4%
Net New Subscriptions	-45	-74	-29	—
Net Cumulative Subscriptions	2,857	2,781	-76	97.3%
Of these, multi-subscriptions*1	411	400	-11	97.4%
Of these, hotel subscriptions*2	69	75	6	109.3%

*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



3Q FY2020 Income & Expenditure

(Millions of yen)

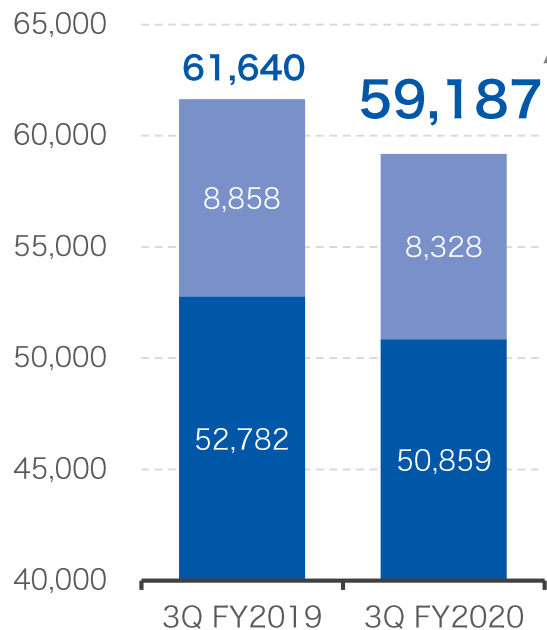
		3Q FY2019		3Q FY2020		Previous Period Comparison	
		Result	Percent of Revenue	Result	Percent of Revenue	Difference	YoY
Consolidated	Revenue	61,640	100.0%	59,187	100.0%	-2,452	96.0%
	Operating Income	7,755	12.6%	10,220	17.3%	2,464	131.8%
	Ordinary Income	8,218	13.3%	10,401	17.6%	2,183	126.6%
	Profit Attributable to Owners of Parent	5,719	9.3%	6,999	11.8%	1,280	122.4%
Non-Consolidated	Revenue	54,127	100.0%	52,212	100.0%	-1,914	96.5%
	Operating Income	7,286	13.5%	10,127	19.4%	2,840	139.0%
	Ordinary Income	7,838	14.5%	10,374	19.9%	2,536	132.4%
	Profit	5,482	10.1%	6,990	13.4%	1,507	127.5%

Figures rounded down to millions of yen.

Revenue Compared to Previous Period

Consolidated

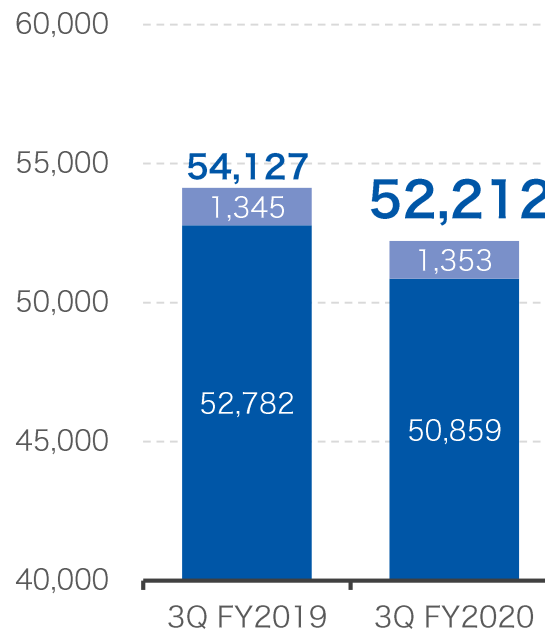
Millions of yen



YoY
96.0%

Non-Consolidated

Millions of yen



YoY
96.5%

(Millions of yen)

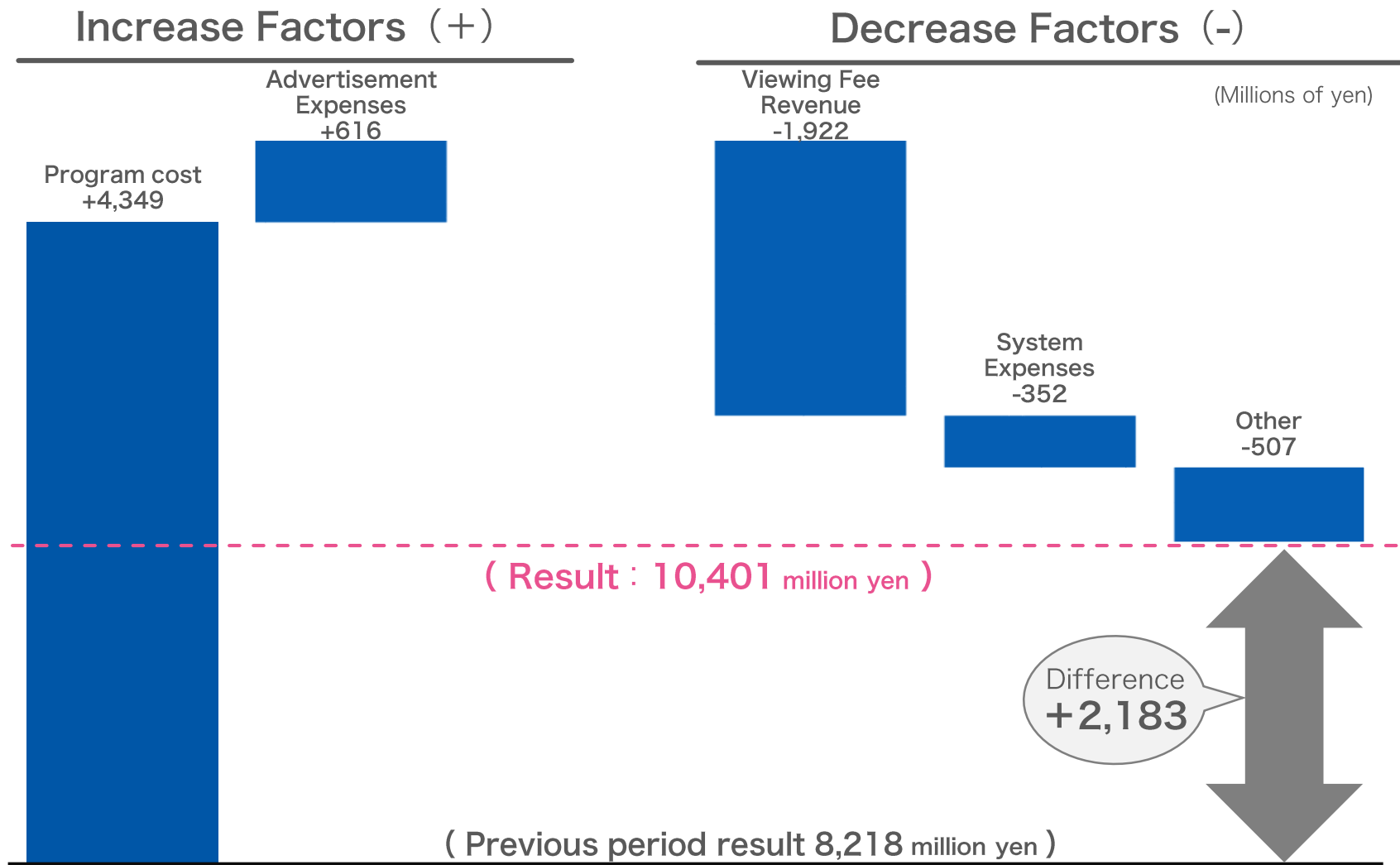
Revenue Item	3Q FY2019	3Q FY2020	Difference
Broadcasting	52,782	50,859	-1,922
Other	8,858	8,328	-529
Total	61,640	59,187	-2,452

(Millions of yen)

Revenue Item	3Q FY2019	3Q FY2020	Difference
Broadcasting	52,782	50,859	-1,922
Other	1,345	1,353	7
Total	54,127	52,212	-1,914

Figures rounded down to millions of yen.

Consolidated Ordinary Income Factors in Difference from Previous Period

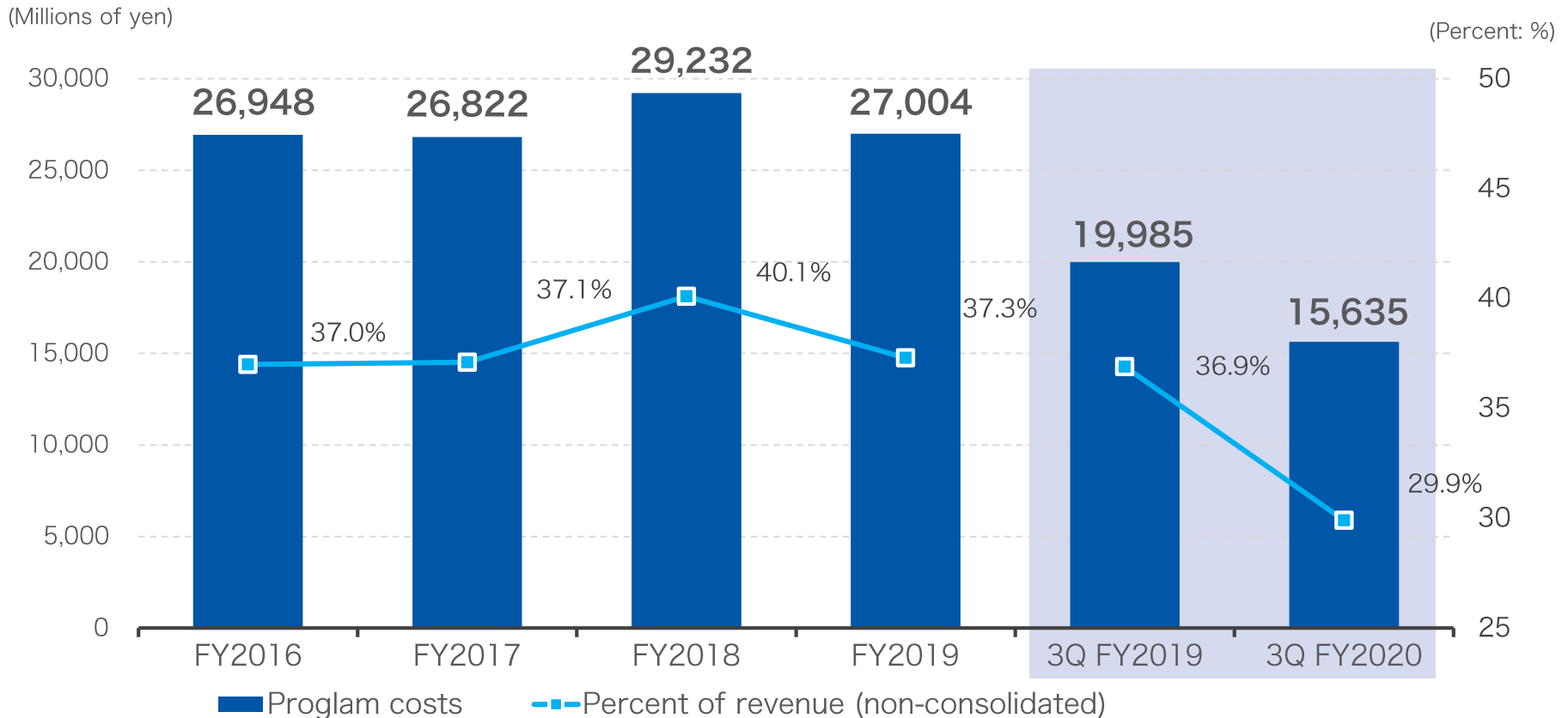


*The figure for each factor is the difference from the same period the previous year, with + representing an increase factor.

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 and live music 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)

	3Q FY2019		3Q FY2020		Previous Period Difference	
	Result	Percent of Revenue	Result	Percent of Revenue	Difference	YoY
Revenue	6,634	100.0%	6,481	100.0%	-153	97.7%
Operating Income	181	2.7%	51	0.8%	-130	28.2%
Ordinary Income	186	2.8%	118	1.8%	-67	63.6%
Profit	112	1.7%	74	1.2%	-37	66.7%

*WOWOW COMMUNICATIONS non-consolidated figures

■ WOWOW Plus Inc. (Broadcasting)

Revenue	3,899	100.0%	3,855	100.0%	-44	98.9%
Operating Income	187	4.8%	171	4.5%	-15	91.6%
Ordinary Income	187	4.8%	173	4.5%	-14	92.3%
Profit	155	4.0%	138	3.6%	-17	88.9%

*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 Oct. 23, 2020)

(Millions of yen)

		Initial FY2020 Plan		Revised FY2020 Plan		Comparison	
		Result	Percent of Revenue	Plan	Percent of Revenue	Difference	YoY
Consolidated	Revenue	80,700	100.0%	78,800	100.0%	-1,900	98.6%
	Operating Income	4,800	5.9%	4,800	5.9%	—	100.0%
	Ordinary Income	5,000	6.2%	5,000	6.2%	—	100.0%
	Profit Attributable to Owners of Parent	3,300	4.1%	3,300	4.1%	—	100.0%

Non-Consolidated	Revenue	70,500	100.0%	69,400	100.0%	-1,100	98.4%
	Operating Income	4,700	6.7%	4,700	6.7%	—	100.0%
	Ordinary Income	5,100	7.2%	5,100	7.2%	—	100.0%
	Profit	3,500	5.0%	3,500	5.0%	—	100.0%

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)

	2Q Cumulative	October	November	December	3Q	3Q Cumulative
Gross New Subscriptions	240,693	43,139	44,043	46,529	133,711	374,404
Cancellations	307,953	51,412	42,481	46,574	140,467	448,420
Net New Subscriptions	-67,260	-8,273	1,562	-45	-6,756	-74,016
Of these, multi-subscriptions*1	-6,716	-1,867	-1,138	-6	-3,011	-9,727
Of these, hotel subscriptions*2	3,681	422	190	381	993	4,674
Net Cumulative Subscriptions at End of Period	2,787,506	2,779,233	2,780,795	2,780,750	2,780,750	2,780,750
Of these, multi-subscriptions*1	403,194	401,327	400,189	400,183	400,183	400,183
Of these, hotel subscriptions*2	74,039	74,461	74,651	75,032	75,032	75,032

*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.

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)

	3Q FY2019		3Q FY2020		
	Results	Percent of Revenue	Results	Percent of Revenue	YoY
I. Revenue	61,640	100.0%	59,187	100.0%	96.0%
Broadcasting	52,782	85.6%	50,859	85.9%	96.4%
Other	8,858	14.4%	8,328	14.1%	94.0%
II. CoGS	34,501	56.0%	29,923	50.6%	86.7%
Gross Profit	27,138	44.0%	29,264	49.4%	107.8%
III. SG&A	19,382	31.4%	19,044	32.2%	98.3%
Operating Income	7,755	12.6%	10,220	17.3%	131.8%
IV. Non-Operating Income	469	0.8%	377	0.6%	80.4%
Interest Income	18	0.0%	8	0.0%	45.2%
Equity in Earnings of Affiliates	213	0.3%	165	0.3%	77.5%
Exchange Rate Profit	152	0.2%	53	0.1%	34.7%
Other	86	0.1%	151	0.3%	175.9%
V. Non-Operating Expenses	7	0.0%	196	0.3%	—
Provision of allowance for doubtful accounts	—	—	189	0.3%	—
Other	7	0.0%	6	0.0%	82.1%
Ordinary Income	8,218	13.3%	10,401	17.6%	126.6%
VI. Extraordinary Income/Loss	-8	-0.0%	-210	-0.4%	—
Income before Income Tax and Minority Interests	8,209	13.3%	10,190	17.2%	124.1%
Income Taxes (Current and Deferred), etc.	2,490	4.0%	3,191	5.4%	128.2%
Profit Attributable to Owners of Parent	5,719	9.3%	6,999	11.8%	122.4%

Figures rounded down to millions of yen.

Income & Expenditure (Non-Consolidated)

(Millions of yen)

	3Q FY2019		3Q FY2020		
	Results	Percent of Revenue	Results	Percent of Revenue	YoY
I. Revenue	54,127	100.0%	52,212	100.0%	96.5%
Broadcasting	52,782	97.5%	50,859	97.4%	96.4%
Other	1,345	2.5%	1,353	2.6%	100.6%
II. CoGS	29,677	54.8%	25,341	48.5%	85.4%
Gross Profit	24,449	45.2%	26,871	51.5%	109.9%
III. SG&A	17,163	31.7%	16,744	32.1%	97.6%
Operating Income	7,286	13.5%	10,127	19.4%	139.0%
IV. Non-Operating Income	558	1.0%	443	0.8%	79.4%
Interest Income	17	0.0%	8	0.0%	45.2%
Exchange Rate Profit	152	0.3%	51	0.1%	33.9%
Other	387	0.7%	383	0.7%	98.9%
V. Non-Operating Expenses	6	0.0%	196	0.4%	—
Provision of allowance for doubtful accounts	—	—	189	0.4%	—
Other	6	0.0%	6	0.0%	90.3%
Ordinary Income	7,838	14.5%	10,374	19.9%	132.4%
VI. Extraordinary Income/Loss	-1	-0.0%	-210	-0.4%	—
Income before Income Tax and Minority Interests	7,836	14.5%	10,164	19.5%	129.7%
Income Taxes (Current and Deferred), etc.	2,353	4.3%	3,173	6.1%	134.8%
Profit	5,482	10.1%	6,990	13.4%	127.5%

Figures rounded down to millions of yen.

Expenditure Breakdown (Non-Consolidated)

(Millions of yen)

	3Q FY2019	3Q FY2020	YoY
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(1) CoGS Items

Program cost	19,985	15,635	78.2%
Broadcasting Technology Cost	2,145	2,298	107.1%
Expenses for Programming Guide	1,978	1,949	98.6%
Other	5,568	5,457	98.0%
Total	29,677	25,341	85.4%

(2) SG&A Items

Merchandising Expense	825	758	91.9%
Retention Commission Paid	3,883	3,817	98.3%
Credit Collection Agency Fee Paid	1,103	1,037	94.0%
Advertisement Expenses	3,599	3,022	84.0%
Customer Center Expenses	1,494	1,508	100.9%
Other	6,257	6,600	105.5%
Total	17,163	16,744	97.6%

(3) Depreciation Expense

Depreciation Expense	1,715	1,837	107.1%
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Figures rounded down to millions of yen.

Expenditure Breakdown (Non-Consolidated)

(Millions of yen)

	3Q FY2019	3Q FY2020	YoY
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(3) Depreciation Expense

Depreciation Expense	1,715	1,837	107.1%
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Figures rounded down to millions of yen.

Extraordinary Income/Loss Breakdown

(Millions of yen)

3Q FY2019	3Q FY2020	YoY
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(Consolidated)

Extraordinary Income			
Income from Sale of Non-Current Assets	0	0	6.4%
Total	0	0	6.4%
Extraordinary Losses			
Loss from Elimination of Non-Current Assets	8	33	416.0%
Loss from Sale of Fixed Assets	0	—	—
Loss on Valuation of Golf Memberships	0	—	—
Loss on valuation of shares of subsidiaries and associates	—	177	—
Total	8	210	—

(Non-Consolidated)

Extraordinary Income			
Income from Sale of Non-Current Assets	0	0	6.4%
Total	0	0	6.4%
Extraordinary Losses			
Loss from Elimination of Non-Current Assets	1	32	—
Loss from Sale of Fixed Assets	0	—	—
Loss on Valuation of Golf Memberships	0	—	—
Loss on extinguishment of tie-in shares	—	0	—
Loss on valuation of shares of subsidiaries and associates	—	177	—
Total	2	210	—

Figures rounded down to millions of yen.

Results by Consolidated Segment

(Millions of yen)

	Revenue			Segment Income (Operating Income)		
	3Q FY2019	3Q FY2020	YoY	3Q FY2019	3Q FY2020	YoY
Broadcasting	58,363	56,183	96.3%	7,573	10,168	134.3%
Telemarketing	6,634	6,481	97.7%	181	51	28.2%
Total	64,997	62,664	96.4%	7,755	10,220	131.8%
Adjusted*	-3,357	-3,476	—	—	—	—
Consolidated	61,640	59,187	96.0%	7,755	10,220	131.8%

*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 December 31, 2020		Compared to End of Previous Period	
	Results	Share	Results	Share	Difference	Compared to End of Previous Period
Current Assets	60,045	66.7%	59,676	63.5%	-368	99.4%
Non-Current Assets	29,979	33.3%	34,253	36.5%	4,274	114.3%
Current Liabilities	26,617	29.6%	25,842	27.5%	-775	97.1%
Non-Current Liabilities	2,850	3.2%	2,655	2.8%	-195	93.2%
Capital Stock	5,000	5.6%	5,000	5.3%	—	100.0%
Capital Surplus	2,738	3.0%	2,777	3.0%	38	101.4%
Retained Earnings	55,678	61.8%	60,518	64.4%	4,839	108.7%
Treasury Shares	-3,081	-3.4%	-3,002	-3.2%	78	97.4%
Shareholders' Equity	60,334	67.0%	65,292	69.5%	4,957	108.2%
Accumulated Other Comprehensive Income	220	0.2%	139	0.1%	-80	63.3%
Net Assets	60,555	67.3%	65,432	69.7%	4,876	108.1%
Total Assets	90,024	100.0%	93,930	100.0%	3,906	104.3%

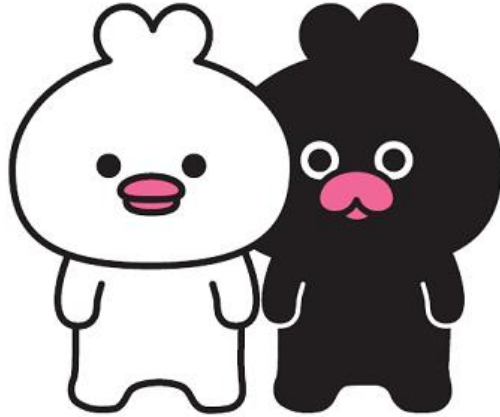
Figures rounded down to millions of yen.

Balance Sheets (Non-Consolidated)

(Millions of yen)

	As of March 31, 2020		As of December 31, 2020		Compared to End of Previous Period	
	Results	Share	Results	Share	Difference	Compared to End of Previous Period
Current Assets	53,090	65.5%	52,980	62.1%	-110	99.8%
Non-Current Assets	27,928	34.5%	32,275	37.9%	4,346	115.6%
Current Liabilities	25,316	31.2%	24,747	29.0%	-569	97.8%
Non-Current Liabilities	2,173	2.7%	2,054	2.4%	-118	94.5%
Capital Stock	5,000	6.2%	5,000	5.9%	—	100.0%
Capital Surplus	2,738	3.4%	2,777	3.3%	38	101.4%
Retained Earnings	48,595	60.0%	53,426	62.7%	4,831	109.9%
Treasury Shares	-3,081	-3.8%	-3,002	-3.5%	78	97.4%
Shareholders' Equity	53,252	65.7%	58,201	68.3%	4,949	109.3%
Valuation and Translation	277	0.3%	251	0.3%	-25	90.9%
Net Assets	53,529	66.1%	58,453	68.6%	4,923	109.2%
Total Assets	81,019	100.0%	85,255	100.0%	4,235	105.2%

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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