

# W O W O W

## FY2020 Earnings, Long-Term Vision “10-Year Strategy” and “Medium-Term Management Plan (FY2021-2025)” and FY2021 Business Plan

May 14, 2021  
WOWOW INC.



- 1 FY2020 Earnings
- 2 Long-Term Vision “10-Year Strategy” and “Medium-Term Management Plan (FY2021-2025)”
- 3 Summary of FY2021 Business Plan
- 4 Supplementary Materials

# FY2020 Earnings Highlights ①

While net new subscriptions decreased year on year, the figure was on a recovery trend from the second quarter

## New Subscription

- Net new subscriptions decreased significantly in 1Q due to postponement and cancellation of sports and live music events caused by COVID-19.
- However, the number of net new subscriptions began to recover from 2Q as sports programs such as Naomi Osaka winning second titles at both the US Open Tennis Championships and Australian Open, the LPGA US Women's Open Championship and the UEFA Champion's League as well as drama series Cold Case 3 (Japan) for WOWOW's 30th anniversary and other programs drove new subscription.

(Thousands)

|  | FY2019 | FY2020 | YoY   |
|--|--------|--------|-------|
| Gross New Subscriptions                | 564    | 542    | 96.2% |
| Cancellations                          | 611    | 606    | 99.2% |
| Net New Subscriptions                  | -47    | -63    | —     |
| Number of Net Cumulative Subscriptions | 2,855  | 2,791  | 97.8% |

# FY2020 Earnings Highlights ②

Revenue and income decreased from the previous period

## Income & Expenditure (Consolidated)

- Revenue decreased from the previous period due to factors such as decline in subscription fee revenue
- Ordinary income decreased from the previous period due to factors such as decline in revenue and increased costs related to WOWOW On-Demand and the launch of 4K broadcasting despite reduced program cost
- Impairment loss of approximately 2.1 billion yen was recorded as extraordinary loss

(Millions of yen)

|   | FY2019 | FY2020 | YoY   |
|---|--------|--------|-------|
| Revenue                                 | 82,450 | 79.165 | 96.0% |
| Operating Income                        | 8,489  | 6.789  | 80.0% |
| Ordinary Income                         | 9,225  | 6.934  | 75.2% |
| Profit Attributable to Owners of Parent | 5,072  | 2.942  | 58.0% |

## Dividends

- Fiscal year-end dividend per share: 80 yen

Figures rounded down to millions of yen.

# FY2020 Subscription

(Thousands)

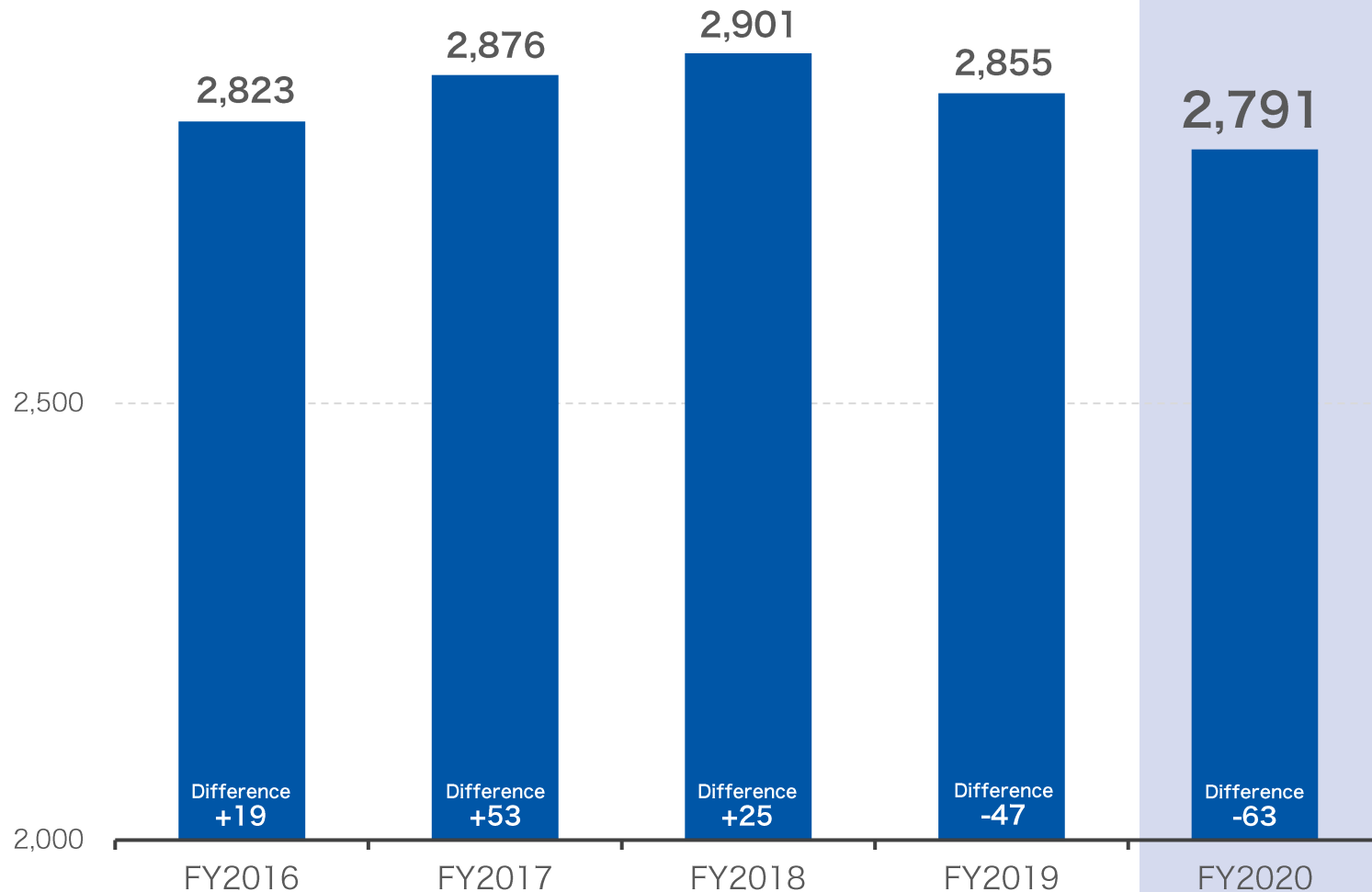
|                                 | FY2019 | FY2020 | Previous Period Comparison |        |
|---------------------------------|--------|--------|----------------------------|--------|
|                                 |        |        | Difference                 | YoY    |
| Gross New Subscriptions         | 564    | 542    | -22                        | 96.2%  |
| Cancellations                   | 611    | 606    | -5                         | 99.2%  |
| Net New Subscriptions           | -47    | -63    | -17                        | —      |
| Net Cumulative Subscriptions    | 2,855  | 2,791  | -63                        | 97.8%  |
| Of these, multi-subscriptions*1 | 410    | 397    | -13                        | 96.9%  |
| Of these, hotel subscriptions*2 | 70     | 75     | 5                          | 107.0% |

\*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

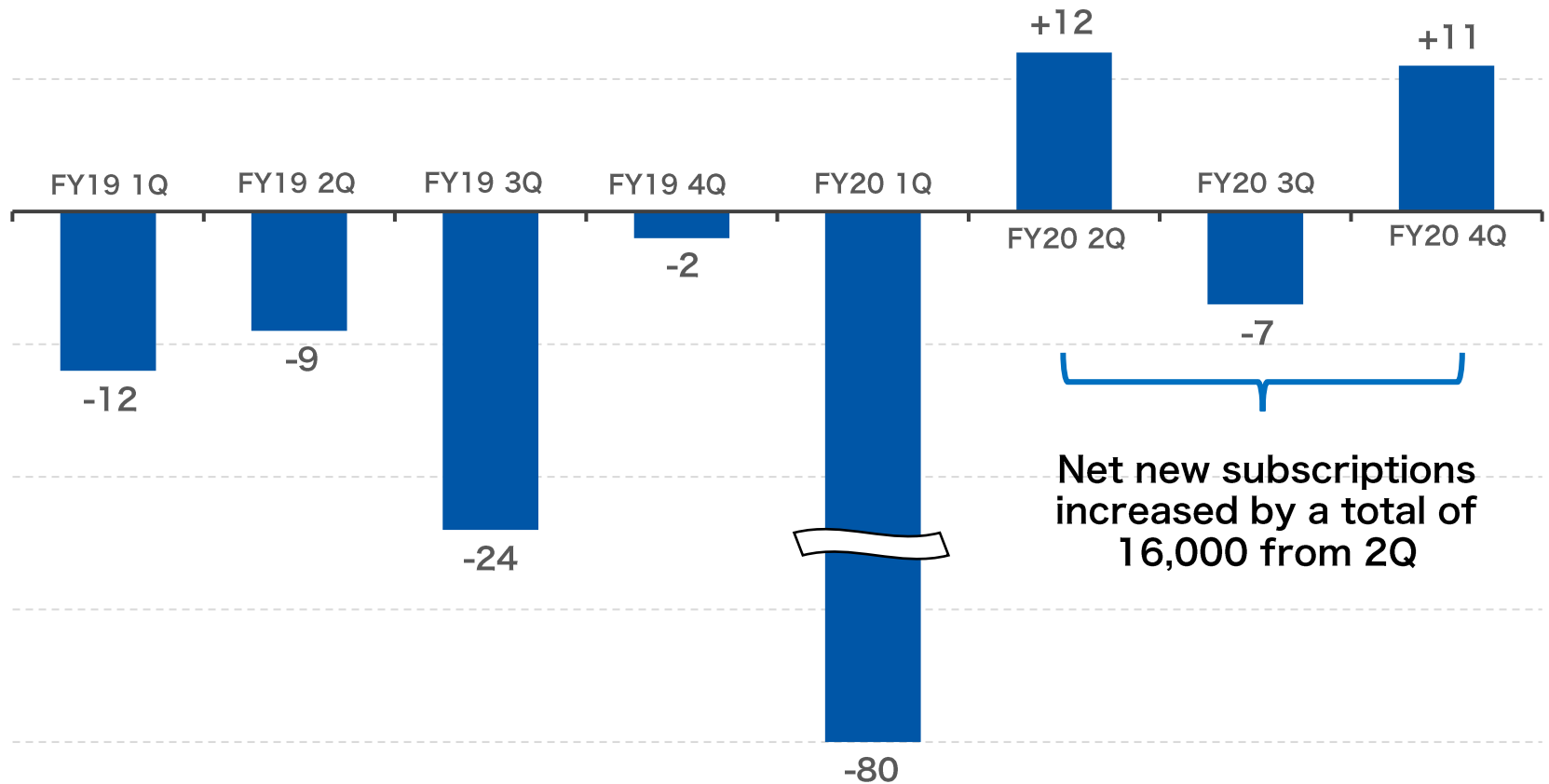
Thousands  
3,000



# Change in Net Cumulative Subscriptions (Quarterly Change)

Net new subscriptions turned upward from the second quarter year on year

Thousands



# FY2020 Income & Expenditure

(Millions of yen)

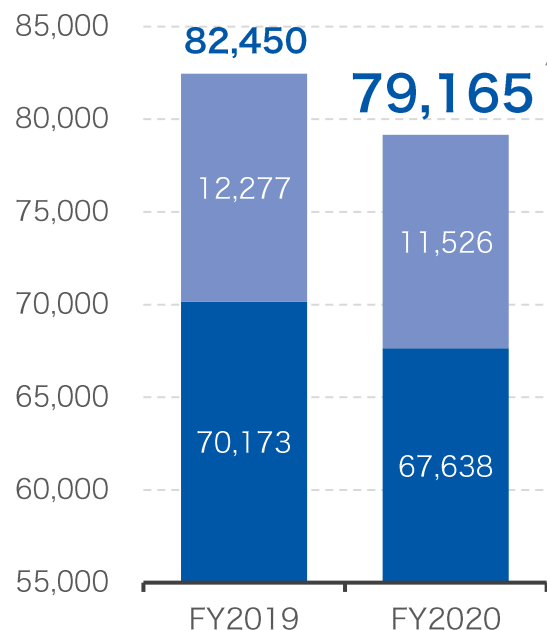
|  |   | FY2019           |                    | FY2020           |                    | Previous Period Comparison |        |
|--|---|------------------|--------------------|------------------|--------------------|----------------------------|--------|
|  |   | Result           | Percent of Revenue | Result           | Percent of Revenue | Difference                 | YoY    |
| Consolidated                             | Revenue                                 | 82,450           | 100.0%             | 79,165           | 100.0%             | -3,285                     | 96.0%  |
|  | Operating Income                        | 8,489            | 10.3%              | 6,789            | 8.6%               | -1,699                     | 80.0%  |
|  | Ordinary Income                         | 9,225            | 11.2%              | 6,934            | 8.8%               | -2,291                     | 75.2%  |
|  | Profit Attributable to Owners of Parent | 5,072            | 6.2%               | 2,942            | 3.7%               | -2,129                     | 58.0%  |
| Non-Consolidated                         | Revenue                                 | 72,489           | 100.0%             | 69,888           | 100.0%             | -2,601                     | 96.4%  |
|  | Operating Income                        | 7,932            | 10.9%              | 6,475            | 9.3%               | -1,457                     | 81.6%  |
|  | Ordinary Income                         | 8,580            | 11.8%              | 6,611            | 9.5%               | -1,968                     | 77.1%  |
|  | Profit                                  | 4,613            | 6.4%               | 2,783            | 4.0%               | -1,830                     | 60.3%  |
| Figures rounded down to millions of yen. |   |                  |                    |                  |                    |                            |        |
| Annual Dividend                          |   | 80 yen per share |                    | 80 yen per share |                    | —                          | 100.0% |



# Revenue Compared to Previous Period

## Consolidated

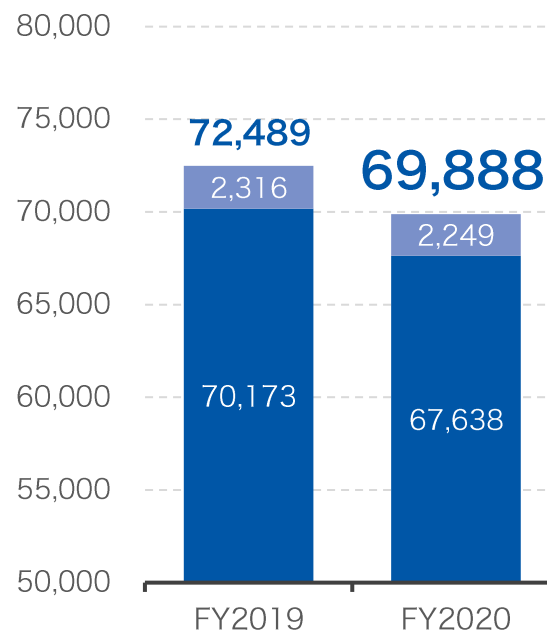
Millions of yen



YoY  
**96.0%**

## Non-Consolidated

Millions of yen



YoY  
**96.4%**

(Millions of yen)

| Revenue Item | FY2019        | FY2020        | Difference    |
|--------------|---------------|---------------|---------------|
| Broadcasting | 70,173        | 67,638        | -2,534        |
| Other        | 12,277        | 11,526        | -750          |
| <b>Total</b> | <b>82,450</b> | <b>79,165</b> | <b>-3,285</b> |

(Millions of yen)

| Revenue Item | FY2019        | FY2020        | Difference    |
|--------------|---------------|---------------|---------------|
| Broadcasting | 70,173        | 67,638        | -2,534        |
| Other        | 2,316         | 2,249         | -66           |
| <b>Total</b> | <b>72,489</b> | <b>69,888</b> | <b>-2,601</b> |

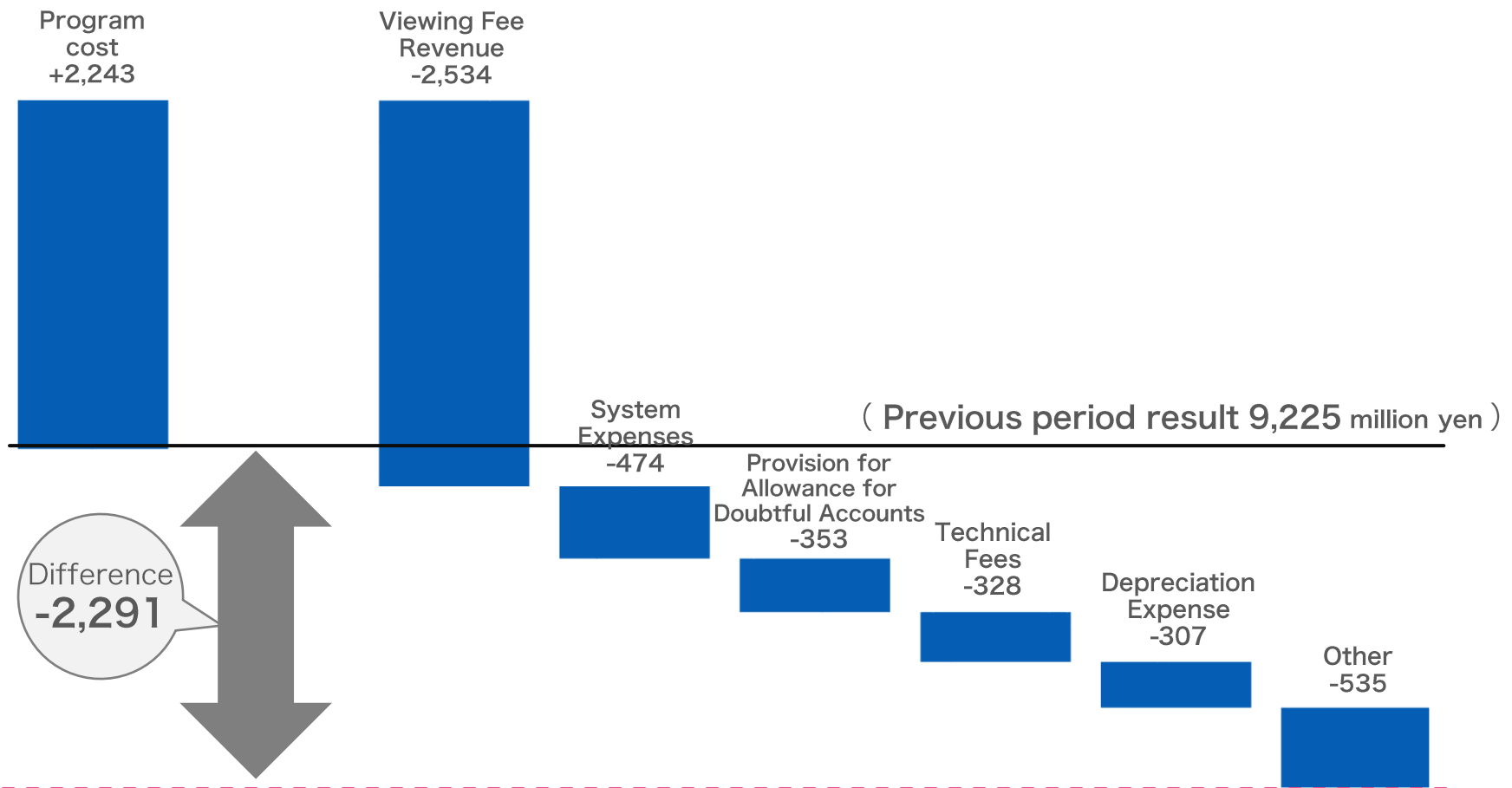
Figures rounded down to millions of yen.

# Consolidated Ordinary Income Factors in Difference from Previous Period

**Increase Factors (+)**

**Decrease Factors (-)**

((Millions of yen))

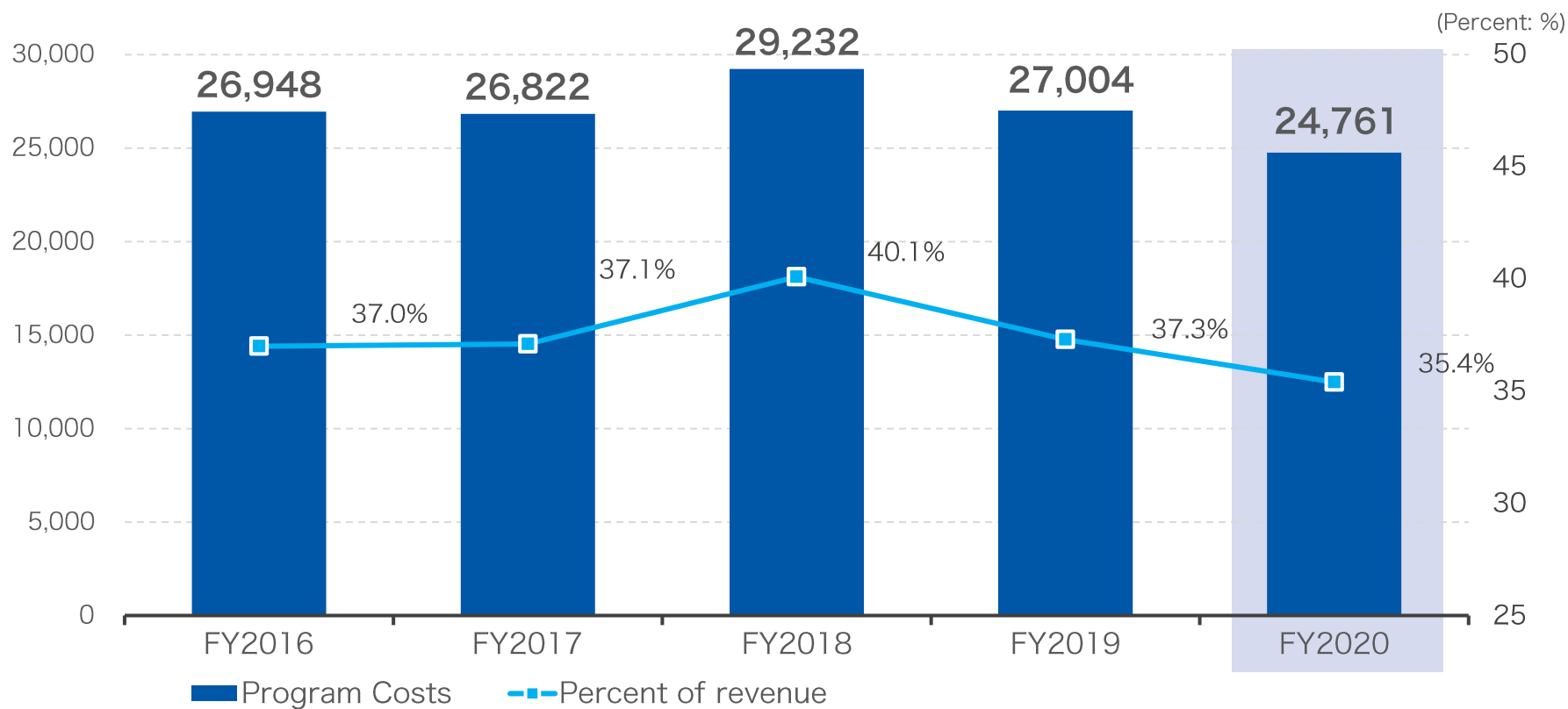


\*The figure for each factor is the difference from the same period the previous year, with + representing an increase factor. ( **Result : 6,934 million yen** )  
 Figures rounded down to millions of yen.

# Change in Program Cost

Program cost decreased from the previous period due to cancellation of sports and live music events and other factors

(Millions of yen)



\*All numbers are non-consolidated.

Figures rounded down to millions of yen.

# Income & Expenditure of Major Consolidated Earnings Companies

## ■WOWOW COMMUNICATIONS (Telemarketing)

(Millions of yen)

|                  | FY2019 |                    | FY2020 |                    | Previous Period Difference |        |
|------------------|--------|--------------------|--------|--------------------|----------------------------|--------|
|                  | Result | Percent of Revenue | Result | Percent of Revenue | Difference                 | YoY    |
| Revenue          | 9,067  | 100.0%             | 9,413  | 100.0%             | 346                        | 103.8% |
| Operating Income | 266    | 2.9%               | 243    | 2.6%               | -23                        | 91.2%  |
| Ordinary Income  | 271    | 3.0%               | 319    | 3.4%               | 48                         | 117.7% |
| Profit           | 177    | 2.0%               | 196    | 2.1%               | 19                         | 111.0% |

\*WOWOW COMMUNICATIONS non-consolidated figures

## ■WOWOW Plus Inc. (Broadcasting)

|                  |       |        |       |        |      |        |
|------------------|-------|--------|-------|--------|------|--------|
| Revenue          | 5,233 | 100.0% | 5,067 | 100.0% | -165 | 96.8%  |
| Operating Income | 220   | 4.2%   | 206   | 4.1%   | -13  | 93.9%  |
| Ordinary Income  | 220   | 4.2%   | 208   | 4.1%   | -12  | 94.5%  |
| Profit           | 156   | 3.0%   | 162   | 3.2%   | 6    | 104.0% |

\*WOWOW Plus Inc. non-consolidated figures

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# Long-Term Vision “10-Year Strategy”

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Basic Policy:

**Achieve sustainable growth by providing extraordinary value to society**

10-Year Strategy:

**Content → Community → Culture**

Content produces community and community creates culture.  
WOWOW will involve itself in every aspect of this cycle with intentionality  
in order to powerfully drive it forward over the next 10 years.

This cycle is what makes WOWOW unique,  
and its advancement is WOWOW's raison d'être,  
because the future that WOWOW will create  
is the product of this cycle: a rich entertainment culture.

WOWOW's 10-year strategy is this cycle.

# Statement of 10-Year Strategy

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## **Create, Connect, Cultivate**

Excellent content creates devoted fans.

Connecting this devotion forms a community.

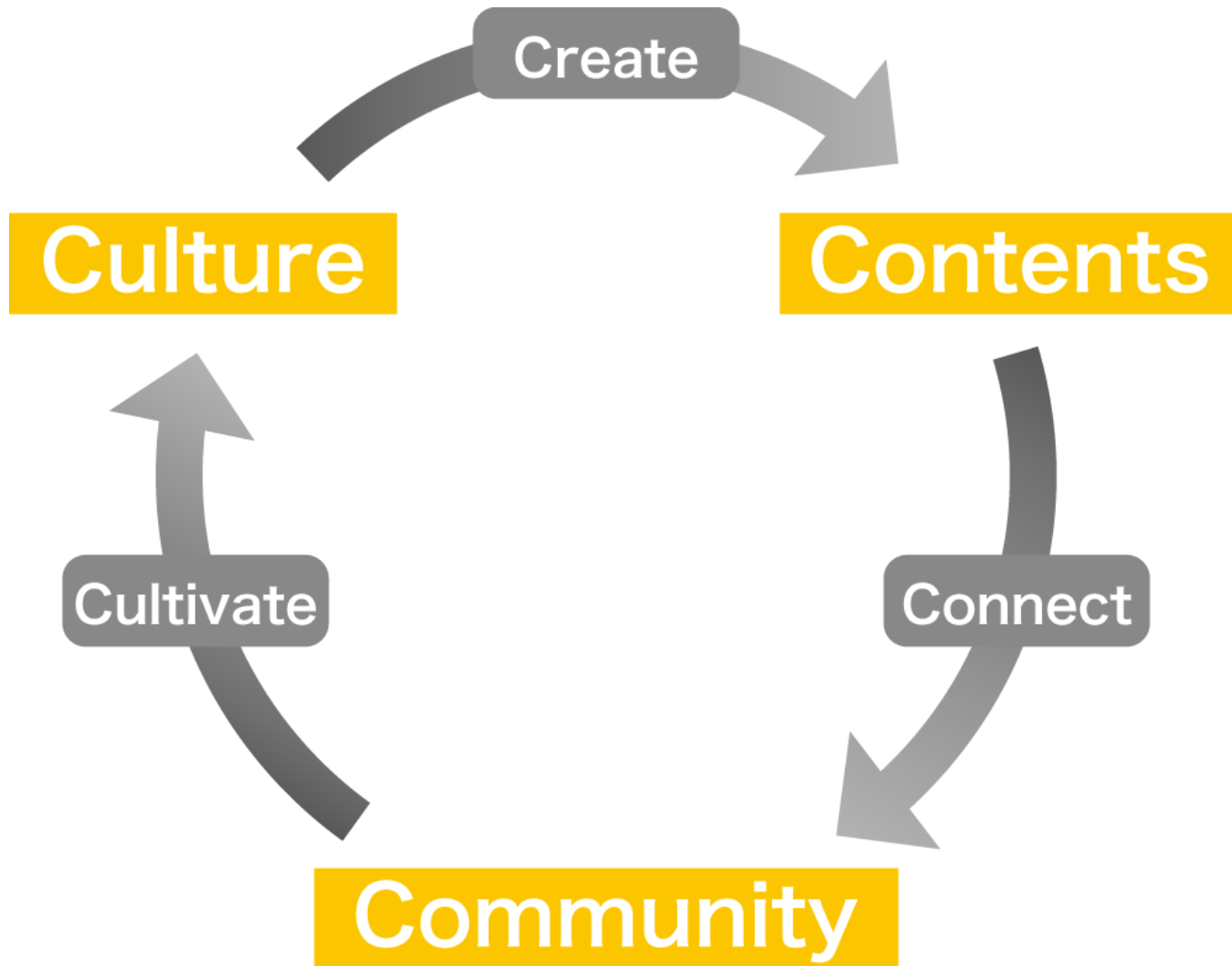
These talented people inspire each other, produce new creativity,  
and by doing so, cultivate culture.

The age of companies creating and delivering content unidirectionally is over.  
We want to work together, support each other, and enjoy it together.

WOWOW will provide the best platform for fans and creators to gather,  
and serve as an engine accelerating entertainment culture.

# WOWOW's 10-Year Strategy Cycle

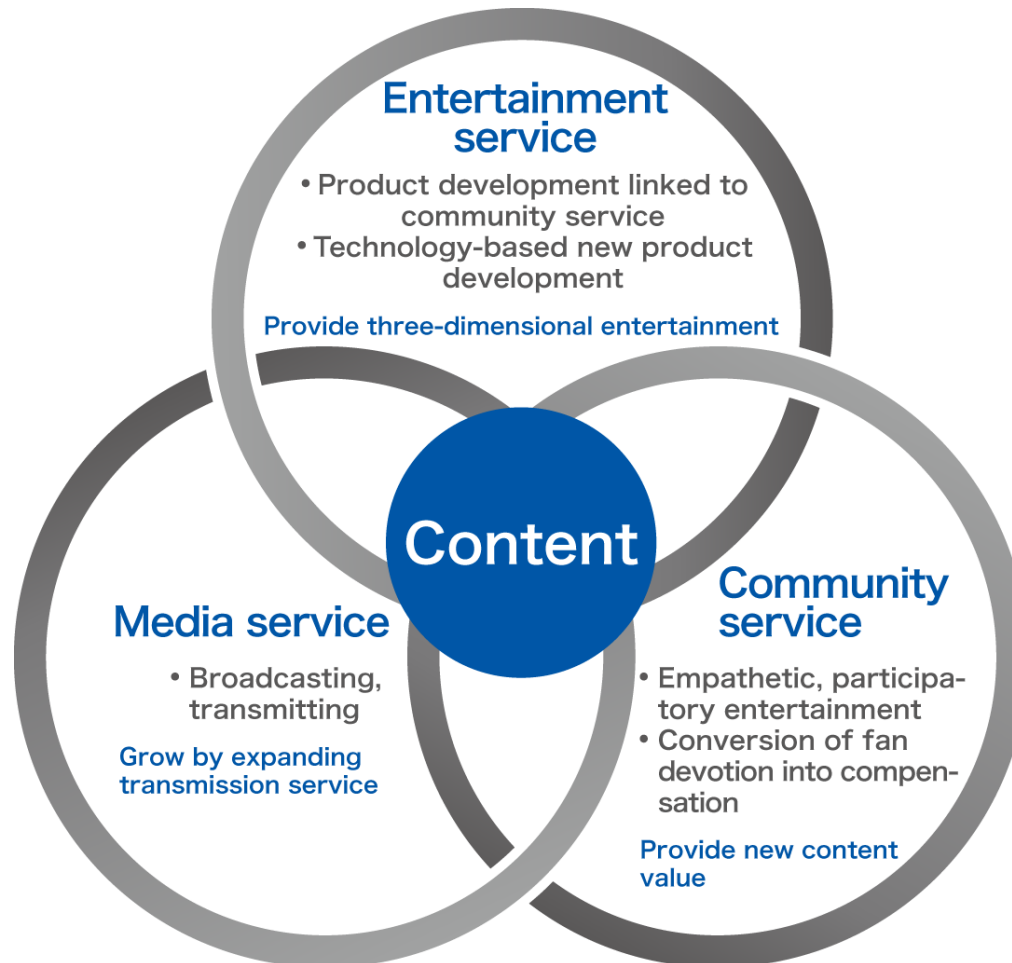
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# Medium-Term Management Plan (FY2021-2025)

Redesign our subscription business model from visual media business to content and community business



# Key Initiatives

Thorough customer-centric reform of services to improve customer experience

## 1. Content

- Develop major original content as flagships
- Strengthen exclusivity on sports, music and other live entertainment
- Work with excellent creators and outside partners to develop content that produces fans

## 2. Reformation of media service

- Expand measures to improve subscription continuation rate
- Enhance transmission service (improve UI/UX, expand content, etc.)
- Improve service with feedback loop

## 3. Expansion of community service

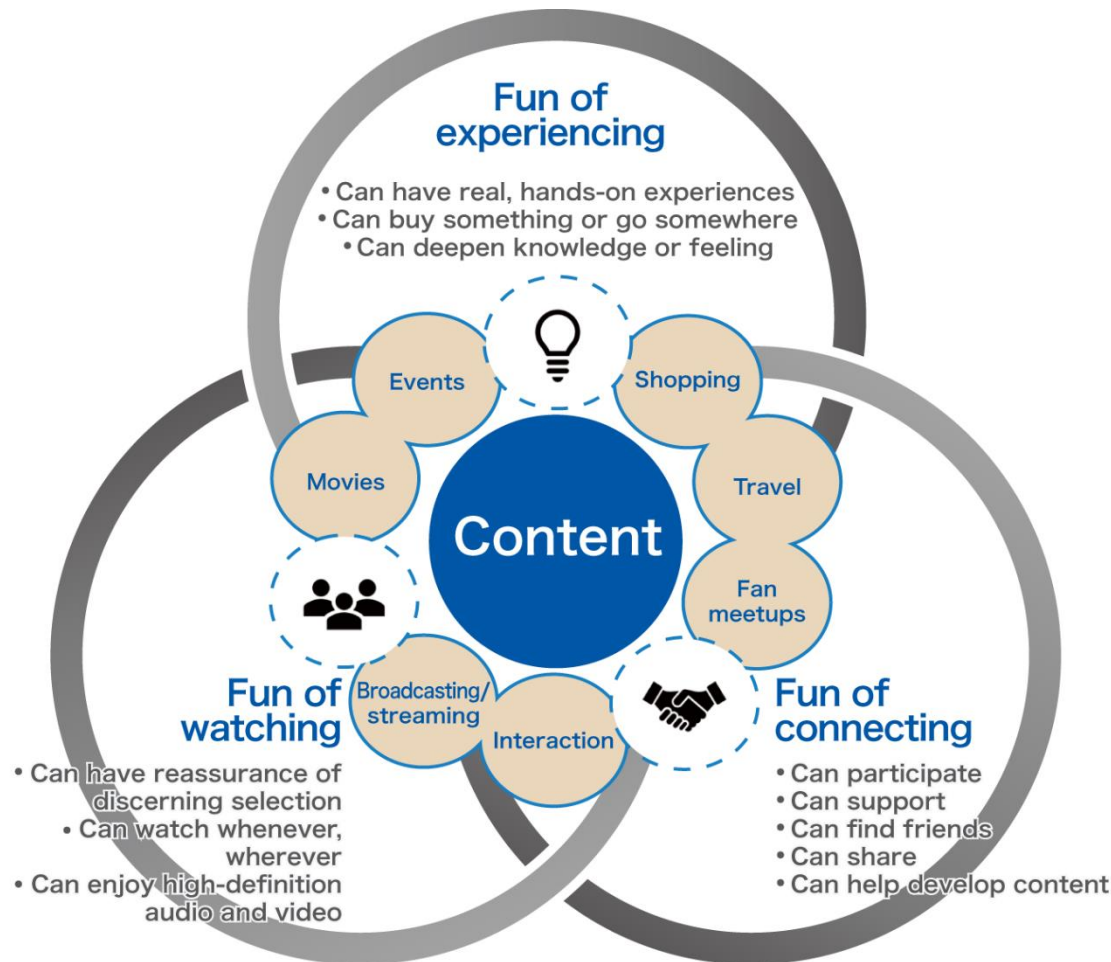
- Grow communities that not only watch but participate/support
- Connect fans with each other, creators and partners to foster joint creation and enjoyment

## 4. Evolution of entertainment service

- Hold original content events and develop content linked to movies and TV shows
- Develop new projects such as regional revitalization projects

# WOWOW's Medium-Term Management Plan (FY2021-2025) Values

**Liking the content even more, enjoying every day even more,  
living an even richer life**



\*Dotted line circles indicate potential services

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# FY2021 Subscription Plan

(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

(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%  |

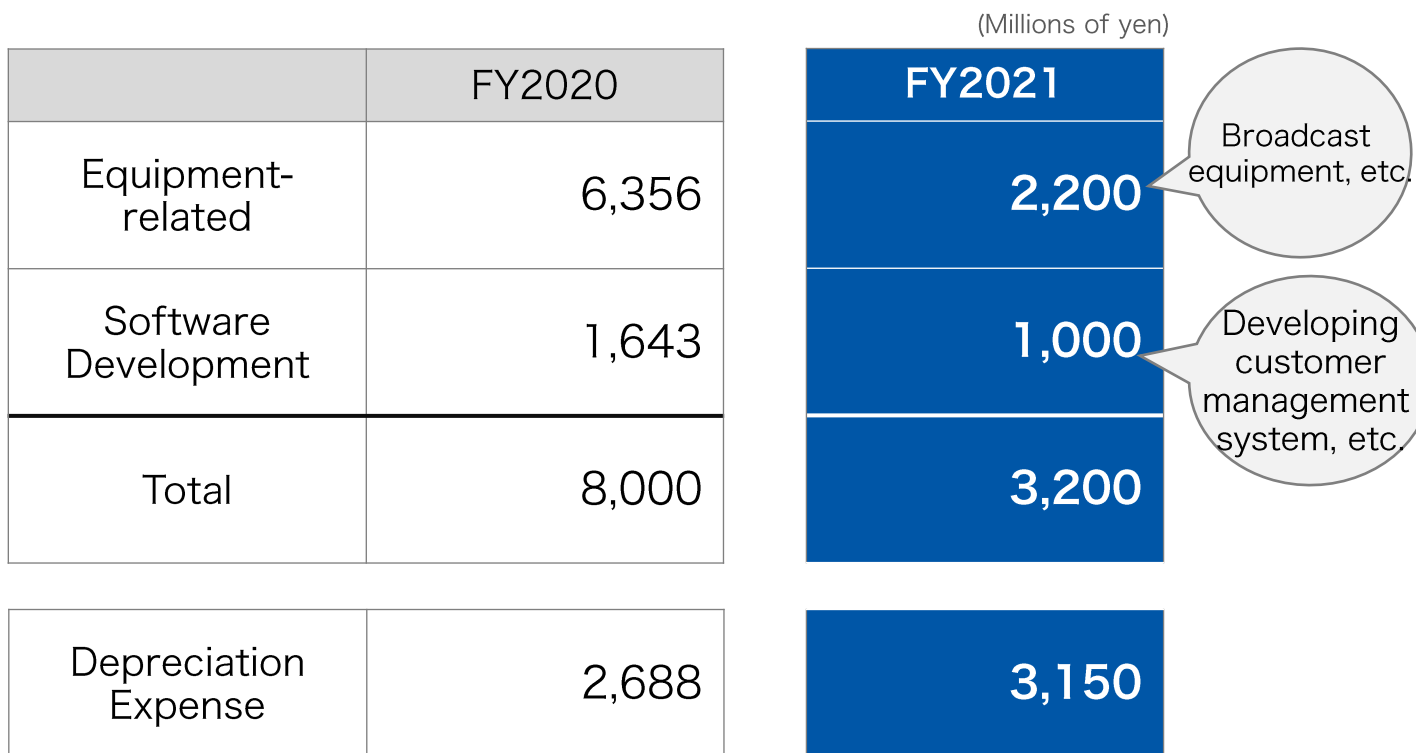
|                  |                  |        |        |        |        |        |        |
|------------------|------------------|--------|--------|--------|--------|--------|--------|
| Non-Consolidated | Revenue          | 69,888 | 100.0% | 70,600 | 100.0% | 711    | 101.0% |
|                  | 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.

|                        |                  |                         |     |       |
|------------------------|------------------|-------------------------|-----|-------|
| <b>Annual Dividend</b> | 80 yen per share | <b>50 yen per share</b> | -30 | 62.5% |
|------------------------|------------------|-------------------------|-----|-------|

# FY2021 Investment Plan (Non-Consolidated)



Figures rounded down to millions of yen.

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# Subscription

(Subscriptions)

|   | 1Q        | 2Q        | 2Q<br>Cumulative | 3Q        | 3Q<br>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.

# Previous Period (FY2019) Subscription

(Subscriptions)

|   | 1Q        | 2Q        | 2Q<br>Cumulative | 3Q        | 3Q<br>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(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)

|   | FY2019  |                    | FY2020  |                    |        |
|---|---------|--------------------|---------|--------------------|--------|
|   | Results | Percent of Revenue | Results | Percent of Revenue | YoY    |
| I. Revenue                                      | 82,450  | 100.0%             | 79,165  | 100.0%             | 96.0%  |
| Broadcasting                                    | 70,173  | 85.1%              | 67,638  | 85.4%              | 96.4%  |
| Other   | 12,277  | 14.9%              | 11,526  | 14.6%              | 93.9%  |
| II. CoGS  | 46,803  | 56.8%              | 44,803  | 56.6%              | 95.7%  |
| Gross Profit                                    | 35,647  | 43.2%              | 34,362  | 43.4%              | 96.4%  |
| III. SG&A                                       | 27,158  | 32.9%              | 27,572  | 34.8%              | 101.5% |
| Operating Income                                | 8,489   | 10.3%              | 6,789   | 8.6%               | 80.0%  |
| IV. Non-Operating Income                        | 746     | 0.9%               | 505     | 0.6%               | 67.7%  |
| Interest Income                                 | 31      | 0.0%               | 11      | 0.0%               | 36.8%  |
| Equity in Earnings of Affiliates                | 394     | 0.5%               | 236     | 0.3%               | 59.9%  |
| Exchange Rate Profit                            | 226     | 0.3%               | 90      | 0.1%               | 40.1%  |
| Other   | 94      | 0.1%               | 166     | 0.2%               | 176.6% |
| V. Non-Operating Expenses                       | 9       | 0.0%               | 360     | 0.5%               | —      |
| Provision of allowance for doubtful accounts    | —       | —                  | 353     | 0.4%               | —      |
| Other   | 9       | 0.0%               | 7       | 0.0%               | 72.9%  |
| Ordinary Income                                 | 9,225   | 11.2%              | 6,934   | 8.8%               | 75.2%  |
| VI. Extraordinary Income/Loss                   | -1,228  | -1.5%              | -2,381  | -3.0%              | 193.8% |
| Income before Income Tax and Minority Interests | 7,996   | 9.7%               | 4,553   | 5.8%               | 56.9%  |
| Income Taxes (Current and Deferred), etc.       | 2,924   | 3.5%               | 1,610   | 2.0%               | 55.1%  |
| Profit Attributable to Owners of Parent         | 5,072   | 6.2%               | 2,942   | 3.7%               | 58.0%  |

Figures rounded down to millions of yen.

# Income & Expenditure (Non-Consolidated)

(Millions of yen)

|   | FY2019  |                    | FY2020  |                    |        |
|---|---------|--------------------|---------|--------------------|--------|
|   | Results | Percent of Revenue | Results | Percent of Revenue | YoY    |
| I. Revenue                                      | 72,489  | 100.0%             | 69,888  | 100.0%             | 96.4%  |
| Broadcasting                                    | 70,173  | 96.8%              | 67,638  | 96.8%              | 96.4%  |
| Other   | 2,316   | 3.2%               | 2,249   | 3.2%               | 97.1%  |
| II. CoGS  | 40,329  | 55.6%              | 38,770  | 55.5%              | 96.1%  |
| Gross Profit                                    | 32,160  | 44.4%              | 31,117  | 44.5%              | 96.8%  |
| III. SG&A                                       | 24,227  | 33.4%              | 24,642  | 35.3%              | 101.7% |
| Operating Income                                | 7,932   | 10.9%              | 6,475   | 9.3%               | 81.6%  |
| IV. Non-Operating Income                        | 656     | 0.9%               | 496     | 0.7%               | 75.6%  |
| Interest Income                                 | 31      | 0.0%               | 11      | 0.0%               | 36.7%  |
| Exchange Rate Profit                            | 226     | 0.3%               | 89      | 0.1%               | 39.5%  |
| Other   | 399     | 0.6%               | 395     | 0.6%               | 99.1%  |
| V. Non-Operating Expenses                       | 8       | 0.0%               | 360     | 0.5%               | —      |
| Provision of allowance for doubtful accounts    | —       | —                  | 353     | 0.5%               | —      |
| Other   | 8       | 0.0%               | 7       | 0.0%               | 81.0%  |
| Ordinary Income                                 | 8,580   | 11.8%              | 6,611   | 9.5%               | 77.1%  |
| VI. Extraordinary Income/Loss                   | -1,222  | -1.7%              | -1,762  | -2.5%              | 144.2% |
| Income before Income Tax and Minority Interests | 7,357   | 10.2%              | 4,849   | 6.9%               | 65.9%  |
| Income Taxes (Current and Deferred), etc.       | 2,744   | 3.8%               | 2,065   | 3.0%               | 75.3%  |
| Profit  | 4,613   | 6.4%               | 2,783   | 4.0%               | 60.3%  |

Figures rounded down to millions of yen.

# Expenditure Breakdown (Non-Consolidated)

(Millions of yen)

|  | FY2019 | FY2020 | YoY |
|--|--------|--------|-----|
|--|--------|--------|-----|

## (1) CoGS Items

|                                |        |        |        |
|--------------------------------|--------|--------|--------|
| Program cost                   | 27,004 | 24,761 | 91.7%  |
| Broadcasting Technology Cost   | 2,852  | 3,180  | 111.5% |
| Expenses for Programming Guide | 2,643  | 2,608  | 98.7%  |
| Other                          | 7,829  | 8,220  | 105.0% |
| Total                          | 40,329 | 38,770 | 96.1%  |

## (2) SG&A Items

|                                   |        |        |        |
|-----------------------------------|--------|--------|--------|
| Merchandising Expense             | 1,223  | 1,067  | 87.3%  |
| Retention Commission Paid         | 5,184  | 5,086  | 98.1%  |
| Credit Collection Agency Fee Paid | 1,466  | 1,380  | 94.2%  |
| Advertisement Expenses            | 5,450  | 5,545  | 101.7% |
| Customer Center Expenses          | 2,001  | 2,042  | 102.1% |
| Other                             | 8,901  | 9,518  | 106.9% |
| Total                             | 24,227 | 24,642 | 101.7% |

## (3) Depreciation Expense

|                      |       |       |        |
|----------------------|-------|-------|--------|
| Depreciation Expense | 2,312 | 2,688 | 116.3% |
|----------------------|-------|-------|--------|

Figures rounded down to millions of yen.

# Extraordinary Income/Loss Breakdown

(Millions of yen)

| FY2019 | FY2020 | YoY |
|--------|--------|-----|
|--------|--------|-----|

(Consolidated)

|  |              |              |               |
|--|--------------|--------------|---------------|
| Extraordinary Income                                       |              |              |               |
| Income from Sale of Non-Current Assets                     | 0            | 0            | 6.4%          |
| <b>Total</b>   | <b>0</b>     | <b>0</b>     | <b>6.4%</b>   |
| Extraordinary Losses                                       |              |              |               |
| Loss from Elimination of Non-Current Assets                | 9            | 72           | 801.1%        |
| Loss from Sale of Fixed Assets                             | 0            | —            | —             |
| Loss on Valuation of Golf Memberships                      | 0            | —            | —             |
| Loss on devaluation of investment securities               | 634          | —            | —             |
| Loss on valuation of shares of subsidiaries and associates | 585          | 177          | 30.3%         |
| Impairment loss  | —            | 2,131        | —             |
| <b>Total</b>   | <b>1,229</b> | <b>2,381</b> | <b>193.7%</b> |

(Non-Consolidated)

|  |              |              |               |
|--|--------------|--------------|---------------|
| Extraordinary Income                                       |              |              |               |
| Income from Sale of Non-Current Assets                     | 0            | 0            | 6.4%          |
| <b>Total</b>   | <b>0</b>     | <b>0</b>     | <b>6.4%</b>   |
| Extraordinary Losses                                       |              |              |               |
| Loss from Elimination of Non-Current Assets                | 2            | 70           | —             |
| Loss from Sale of Fixed Assets                             | 0            | —            | —             |
| Loss on Valuation of Golf Memberships                      | 0            | —            | —             |
| Loss on extinguishment of tie-in shares                    | —            | 0            | —             |
| Loss on devaluation of investment securities               | 634          | —            | —             |
| Loss on valuation of shares of subsidiaries and associates | 585          | 1,690        | 288.9%        |
| <b>Total</b>   | <b>1,222</b> | <b>1,762</b> | <b>144.1%</b> |

Figures rounded down to millions of yen.

# Results by Consolidated Segment

(Millions of yen)

|               | Revenue |        |        | Segment Income<br>(Operating Income) |        |       |
|---------------|---------|--------|--------|--------------------------------------|--------|-------|
|               | FY2019  | FY2020 | YoY    | FY2019                               | FY2020 | YoY   |
| Broadcasting  | 78,085  | 74,977 | 96.0%  | 8,222                                | 6,572  | 79.9% |
| Telemarketing | 9,067   | 9,413  | 103.8% | 266                                  | 217    | 81.5% |
| Total         | 87,152  | 84,391 | 96.8%  | 8,489                                | 6,789  | 80.0% |
| Adjusted*     | -4,701  | -5,225 | 111.1% | —                                    | —      | —     |
| Consolidated  | 82,450  | 79,165 | 96.0%  | 8,489                                | 6,789  | 80.0% |

\*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 March 31, 2021 |        | Compared to End of Previous Period |                                    |
|--|----------------------|--------|----------------------|--------|------------------------------------|------------------------------------|
|  | Results              | Share  | Results              | Share  | Difference                         | Compared to End of Previous Period |
| Current Assets                         | 60,045               | 66.7%  | 57,033               | 63.0%  | -3,011                             | 95.0%                              |
| Non-Current Assets                     | 29,979               | 33.3%  | 33,560               | 37.0%  | 3,580                              | 111.9%                             |
| Current Liabilities                    | 26,617               | 29.6%  | 26,667               | 29.4%  | 49                                 | 100.2%                             |
| Non-Current Liabilities                | 2,850                | 3.2%   | 2,169                | 2.4%   | -680                               | 76.1%                              |
| Capital Stock                          | 5,000                | 5.6%   | 5,000                | 5.5%   | —                                  | 100.0%                             |
| Capital Surplus                        | 2,738                | 3.0%   | 2,777                | 3.1%   | 38                                 | 101.4%                             |
| Retained Earnings                      | 55,678               | 61.8%  | 56,461               | 62.3%  | 783                                | 101.4%                             |
| Treasury Shares                        | -3,081               | -3.4%  | -3,002               | -3.3%  | 78                                 | 97.4%                              |
| Shareholders' Equity                   | 60,334               | 67.0%  | 61,236               | 67.6%  | 901                                | 101.5%                             |
| Accumulated Other Comprehensive Income | 220                  | 0.2%   | 520                  | 0.6%   | 299                                | 235.5%                             |
| Net Assets                             | 60,555               | 67.3%  | 61,756               | 68.2%  | 1,200                              | 102.0%                             |
| Total Assets                           | 90,024               | 100.0% | 90,593               | 100.0% | 569                                | 100.6%                             |

Figures rounded down to millions of yen.



# Balance Sheets (Non-Consolidated)

(Millions of yen)

|                           | As of March 31, 2020 |        | As of March 31, 2021 |        | Compared to End of Previous Period |                                    |
|---------------------------|----------------------|--------|----------------------|--------|------------------------------------|------------------------------------|
|                           | Results              | Share  | Results              | Share  | Difference                         | Compared to End of Previous Period |
| Current Assets            | 53,090               | 65.5%  | 50,217               | 61.0%  | -2,873                             | 94.6%                              |
| Non-Current Assets        | 27,928               | 34.5%  | 32,149               | 39.0%  | 4,221                              | 115.1%                             |
| Current Liabilities       | 25,316               | 31.2%  | 25,694               | 31.2%  | 377                                | 101.5%                             |
| Non-Current Liabilities   | 2,173                | 2.7%   | 2,092                | 2.5%   | -80                                | 96.3%                              |
| Capital Stock             | 5,000                | 6.2%   | 5,000                | 6.1%   | —                                  | 100.0%                             |
| Capital Surplus           | 2,738                | 3.4%   | 2,777                | 3.4%   | 38                                 | 101.4%                             |
| Retained Earnings         | 48,595               | 60.0%  | 49,219               | 59.8%  | 624                                | 101.3%                             |
| Treasury Shares           | -3,081               | -3.8%  | -3,002               | -3.6%  | 78                                 | 97.4%                              |
| Shareholders' Equity      | 53,252               | 65.7%  | 53,994               | 65.6%  | 741                                | 101.4%                             |
| Valuation and Translation | 277                  | 0.3%   | 586                  | 0.7%   | 309                                | 211.5%                             |
| Net Assets                | 53,529               | 66.1%  | 54,580               | 66.3%  | 1,050                              | 102.0%                             |
| Total Assets              | 81,019               | 100.0% | 82,367               | 100.0% | 1,347                              | 101.7%                             |

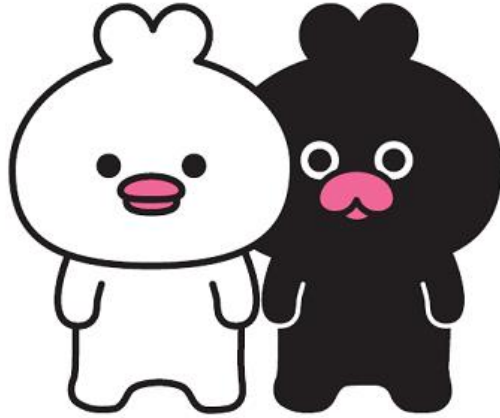
Figures rounded down to millions of yen.

# Consolidated Statements of Cash Flows

(Millions of yen)

|   | FY2020 | FY2021 | Difference |
|---|--------|--------|------------|
| I. Cash Flows from Operating Activities   |        |        |            |
| Income before Income Tax and Minority Interests   | 7,996  | 4,553  | -3,443     |
| Depreciation Expenses, Reserves and Retirement Benefits   | 2,641  | 3,545  | 903        |
| Increase (Decrease) in Accounts Receivable ('-' signifies increase)                                     | 34     | 336    | 301        |
| Increase (Decrease) in Inventory ('-' signifies increase)   | 6,025  | -1,134 | -7,159     |
| Increase (Decrease) in Accounts Payable ('-' signifies decrease)  | -5,267 | -111   | 5,155      |
| Other   | 436    | 1,497  | 1,060      |
| Subtotal  | 11,867 | 8,686  | -3,181     |
| Payment of Income Taxes, etc.   | -1,885 | -2,724 | -839       |
| Cash Flows from Operating Activities  | 9,982  | 5,961  | -4,021     |
| II. Cash Flows from Investing Activities  |        |        |            |
| Income/Expenditure due to Increase (Decrease) in Time Deposit ('-' signifies increase)                  | —      | -2,246 | -2,246     |
| Income/Expenditure due to Increase (Decrease) in Property, Plant and Equipment ('-' signifies increase) | -2,314 | -5,660 | -3,345     |
| Income/Expenditure due to Increase (Decrease) in Intangible Assets ('-' signifies increase)             | -1,208 | -1,706 | -497       |
| Expenditure due to Acquisition of Subsidiary Shares ('-' signifies increase)                            | -35    | —      | 35         |
| Other   | -21    | -334   | -313       |
| Cash Flows from Investing Activities  | -3,580 | -9,948 | -6,368     |
| III. Cash Flows from Financing Activities   |        |        |            |
| Payment of Dividends  | -2,159 | -2,159 | —          |
| Expenditure to Purchase Treasury Shares   | —      | -0     | -0         |
| Other   | -38    | -36    | 1          |
| Cash Flows from Financing Activities  | -2,198 | -2,196 | 1          |
| IV. Effect of Exchange Rate Change on Cash and Cash Equivalents   | -45    | 46     | 91         |
| V. Net Increase (Decrease) in Cash and Cash Equivalents   | 4,159  | -6,136 | -10,295    |
| VI. Cash and Cash Equivalents at Beginning of Period  | 24,129 | 28,288 | 4,159      |
| VII. Cash and Cash Equivalents at End of Period   | 28,288 | 22,151 | -6,136     |

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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