

WOWOW

Summary of 3Q FY2021 Earnings

January 31, 2022
WOWOW INC.

Stock code number : 4839

1. 3Q FY2021 Earnings Highlights
(April-December)
2. 3Q FY2021 and FY2021 Results
Forecast

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Main Initiatives in October - December 2021

Media service

Music: Broadcast live performances by artists such as Eikichi Yazawa, Bullet Train x DISH// and BUCK-TICK
Sports: Broadcast/transmitted competitions such as the “Autumn Nations Series,” including WOWOW’s first live broadcast of the Japanese national rugby team, and the final qualifying round of the “LPGA Women’s Golf Tour 2022,” in which athletes Ayaka Furue and Hinako Shibuno competed
Original drama series: Broadcast/transmitted “Associate Professor Akira Takatsuki’s Inference,” a drama series co-produced by Tokai Television Broadcasting, “Drama Series W: Iribito Ihojin,” “Kinnikuman: The Lost Legend” and more

Community service

Excite Match FAN CLUB: Broadcast/transmitted “Excite Match 30th Anniversary Special: Legend Meishobusen – Ougon-no-Churyoukyu Tokushu,” which came about through interactive correspondence with the viewers
Drama series: Conducted a trial drama community with “Drama Series W: Iribito Ihojin”
New community establishment: Started “WOWOW MUSIC // POOL” and “WOWOW Life with Cinema” in October 2021

Entertainment service

Movies & dramas: Transmitted original drama “Zenkamono: Shinmai Hogoshi Agawa Kayo” on WOWOW On-Demand and Amazon Prime Video immediately after broadcast. Nationwide theatrical release of “Zenkamono” movie on January 28, 2022 (Fri)

New Subscription

- Viewers liked programs such as “UEFA EURO2020™ (UEFA European Football Championship),” Eikichi Yazawa’s live performance and “Associate Professor Akira Takatsuki’s Inference,” a drama series co-produced by Tokai Television Broadcasting. However, COVID-19 caused net new subscription to fall as movie and music content lineups struggled, competition with streaming services intensified and cancellation increased when target programs finished.

(Thousands)

	3Q FY2020	3Q FY2021	Difference	YoY
Gross New Subscriptions	374	460	85	122.8%
Cancellations	448	555	107	123.8%
Net New Subscriptions	-74	-95	-21	—
Net Cumulative Subscriptions	2,781	2,696	-84	97.0%

Income & Expenditure (Consolidated)

- For sales, broadcasting revenue decreased year on year, but revenue increased due to the increase in external sales of subsidiaries
- Ordinary income decreased due to strategic investments in large-scale sports programs, etc.

(Millions of yen)

	3Q FY2020	3Q FY2021	Difference	YoY
Revenue	59,187	59,621	433	100.7%
Ordinary Income	10,401	4,948	-5,452	47.6%

※Figures rounded down to millions of yen.

WOWOW has chosen the Prime Market to continue to increase its corporate value.

WOWOW's Response

- WOWOW is disposing of treasury stock and selling shares (announced on November 26, 2021) as it did not meet the tradeable share ratio (at least 35.0%) required to list on the Prime Market. This is expected to increase the tradeable share ratio to around 38.0%.*

*Tradeable share ratio for shareholder composition as of the end of September 2021

Use of Funds Procured

- The approximately 3 billion yen of capital procured will be allocated to broadcasting equipment for content production/transmission and software implementation for member/service management in an aim to increase corporate value.

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3Q FY2021 Subscription

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(Thousands)

	3Q FY2020	3Q FY2021	Previous Period Comparison	
			Difference	YoY
Gross New Subscriptions	374	460	85	122.8%
Cancellations	448	555	107	123.8%
Net New Subscriptions	-74	-95	-21	—
Net Cumulative Subscriptions	2,781	2,696	-84	97.0%
Of these, multi-subscriptions*1	400	384	-16	96.0%
Of these, hotel subscriptions*2	75	77	2	103.3%

*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.

3Q FY2021 Income & Expenditure

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(Millions of yen)

	3Q FY2020		3Q FY2021		Previous Period Comparison	
	Result	Percent of Revenue	Result	Percent of Revenue	Difference	YoY
Revenue	59,187	100.0%	59,621	100.0%	433	100.7%
Operating Income	10,220	17.3%	4,690	7.9%	-5,529	45.9%
Ordinary Income	10,401	17.6%	4,948	8.3%	-5,452	47.6%
Profit Attributable to Owners of Parent	6,999	11.8%	3,520	5.9%	-3,478	50.3%

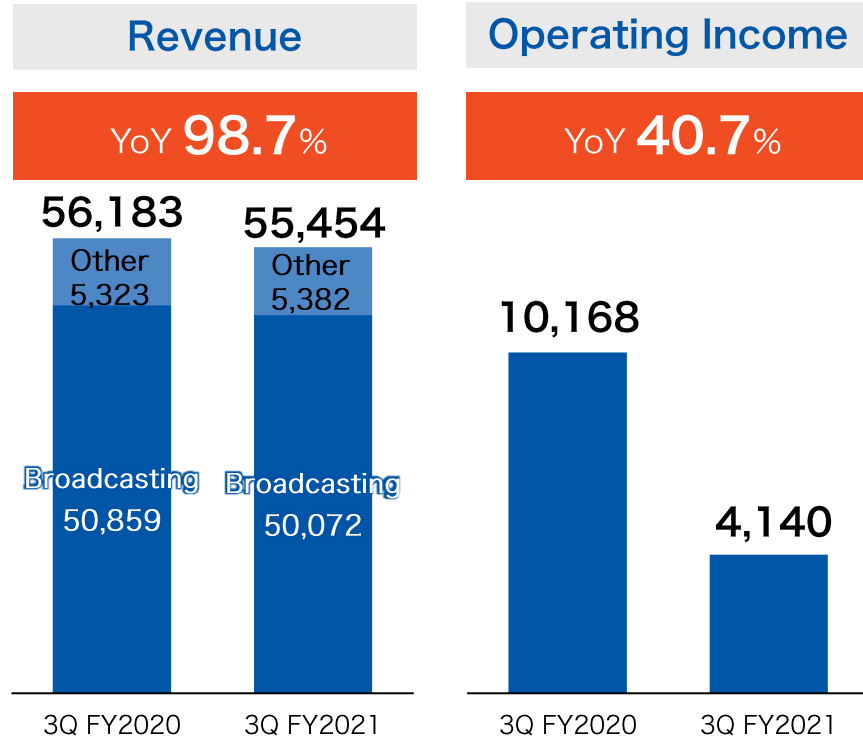
※Figures rounded down to millions of yen.

Comparison of Consolidated Revenue /Operating Income by Segment

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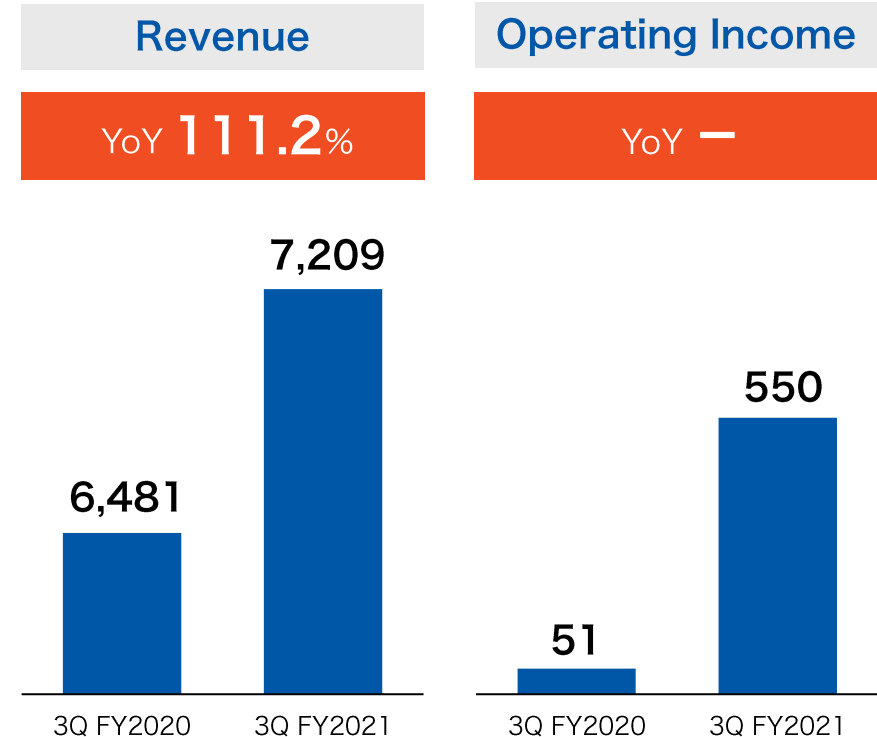
Media and Content ((Formerly) Broadcasting)

(Millions of yen)



Telemarketing

(Millions of yen)



※Figures rounded down to millions of yen.

※The amounts for each segment include transactions between segments.

Consolidated Ordinary Income Factors in Difference from Previous Period

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Increase Factors (+)

Income and expenditure
of group companies
+805

Other
+445

Decrease Factors (-)

Program cost
-5,309

(Millions of yen)

(Previous period result 10,401 million yen)

Difference
-5,452

Viewing Fee
Revenue
-787

Depreciation
Expense
-336

Technical
Expense
-270

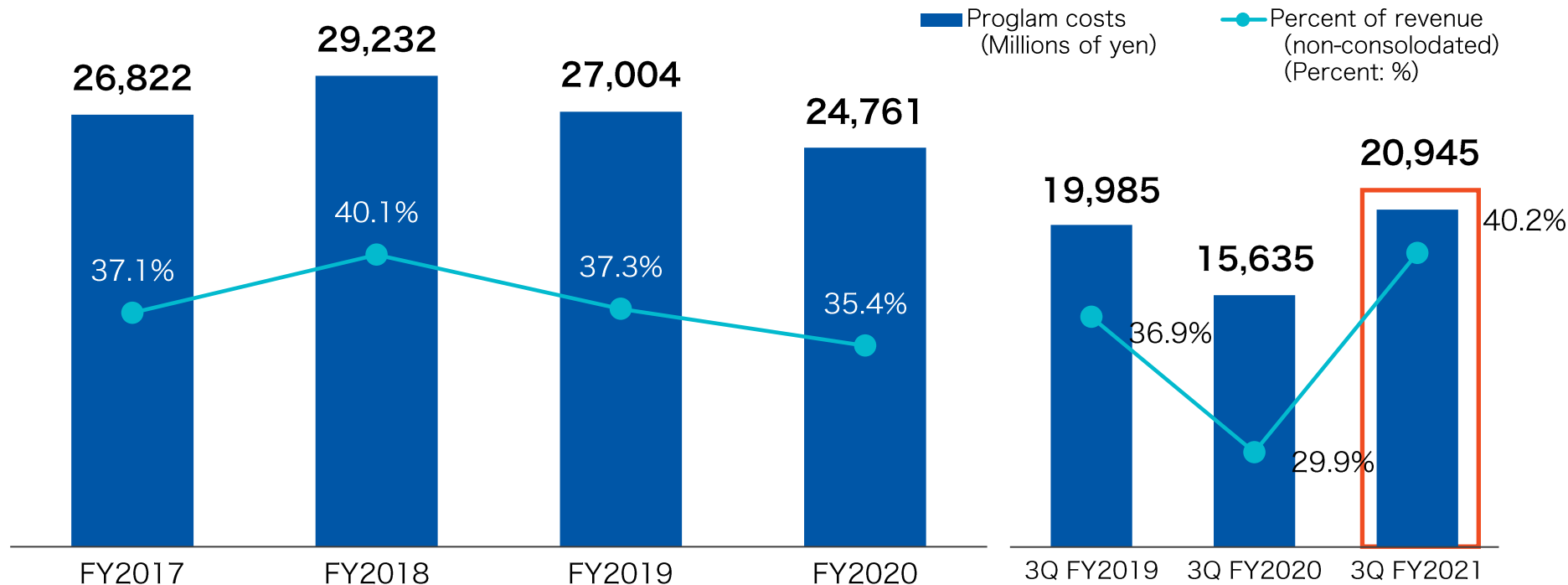
(Result : 4,948million yen)

※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

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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.

(Thousands)

	Initial FY2021 Plan	Revised FY2021	Comparison	
			Difference	YoY
Gross New Subscriptions	730	730	—	100.0%
Cancellations	710	720	10	101.4%
Net New Subscriptions	20	10	-10	50.0%
Net Cumulative Subscriptions	2,811	2,801	-10	99.6%

FY2021 Income & Expenditure Plan (announced Oct 28, 2021)

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(Millions of yen)

	Initial FY2021		Revised FY2021		Comparison	
	Plan	Percent of Revenue	Plan	Percent of Revenue	Difference	YoY
Revenue	79,500	100.0%	79,400	100.0%	-100	99.9%
Operating Income	2,900	3.6%	2,800	3.5%	-100	96.6%
Ordinary Income	3,000	3.8%	3,000	3.8%	—	100.0%
Profit Attributable to Owners of Parent	2,000	2.5%	2,000	2.5%	—	100.0%

※Program costs forecast to be approximately 41.0% of non-consolidated revenue. (Non-consolidated revenue forecast for FY2021: 69,700 million yen)

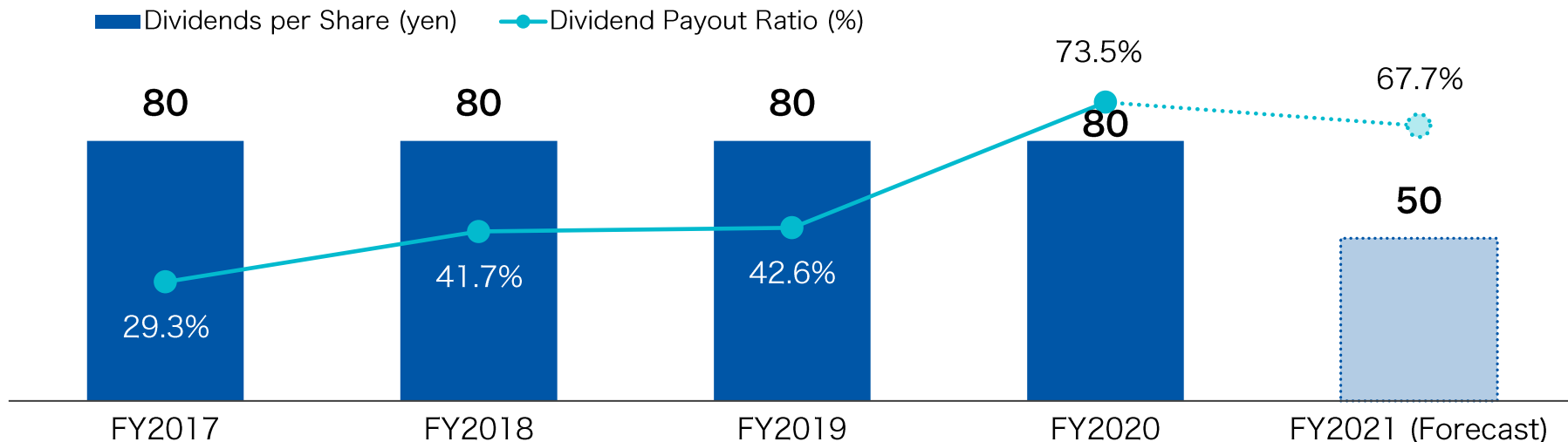
※Estimated foreign exchange rate: 1 USD = 110yen ※Figures rounded down to millions of yen.

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Dividend Policy

The Company aims for uninterrupted and stable dividends while retaining sufficient earnings by taking into consideration each fiscal year's business performance, strengthening of financial structure, medium- to long-term business strategy and other factors in a comprehensive manner.

Change in Dividends over the Past Five Years/Dividend Payout Ratio



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Numerical data disclosed as supplementary materials in the previous briefing materials are now available in “DATABOOK” in the IR section of the website.

<https://corporate.wowow.co.jp/en/ir/finance/databook/>

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.

Create, Connect, Cultivate

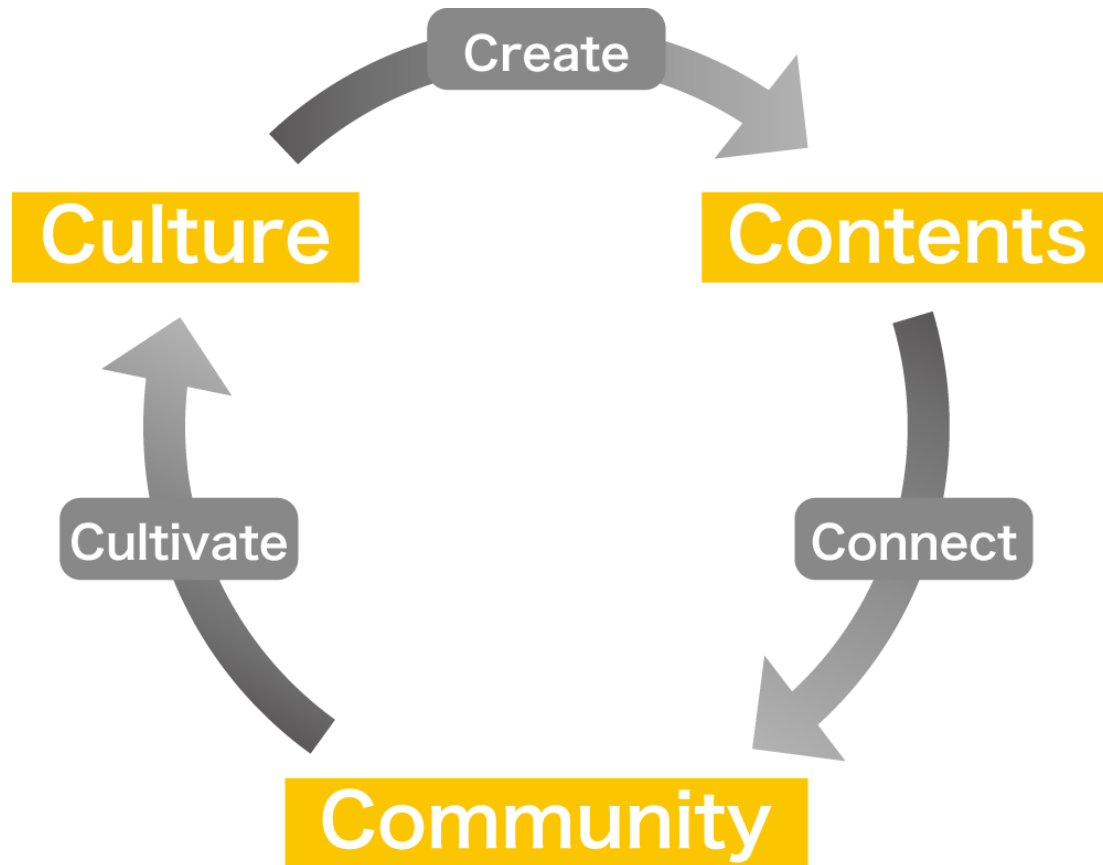
Excellent content creates devoted fans.

Connecting this devotion forms a community.

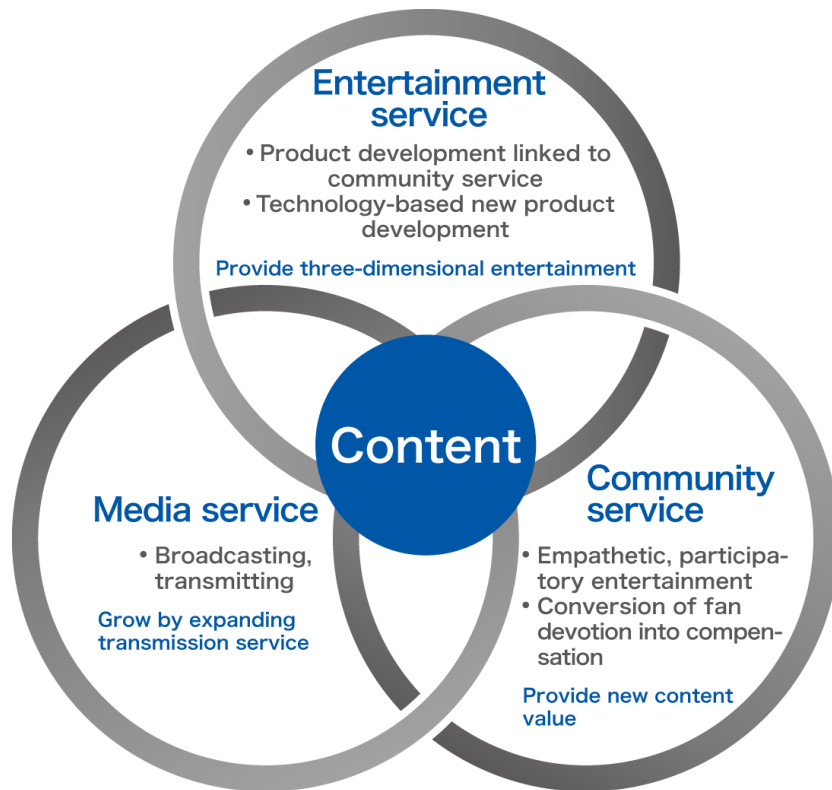
These talented people inspire each other, produce new creativity,
and by doing so, cultivate culture.

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.



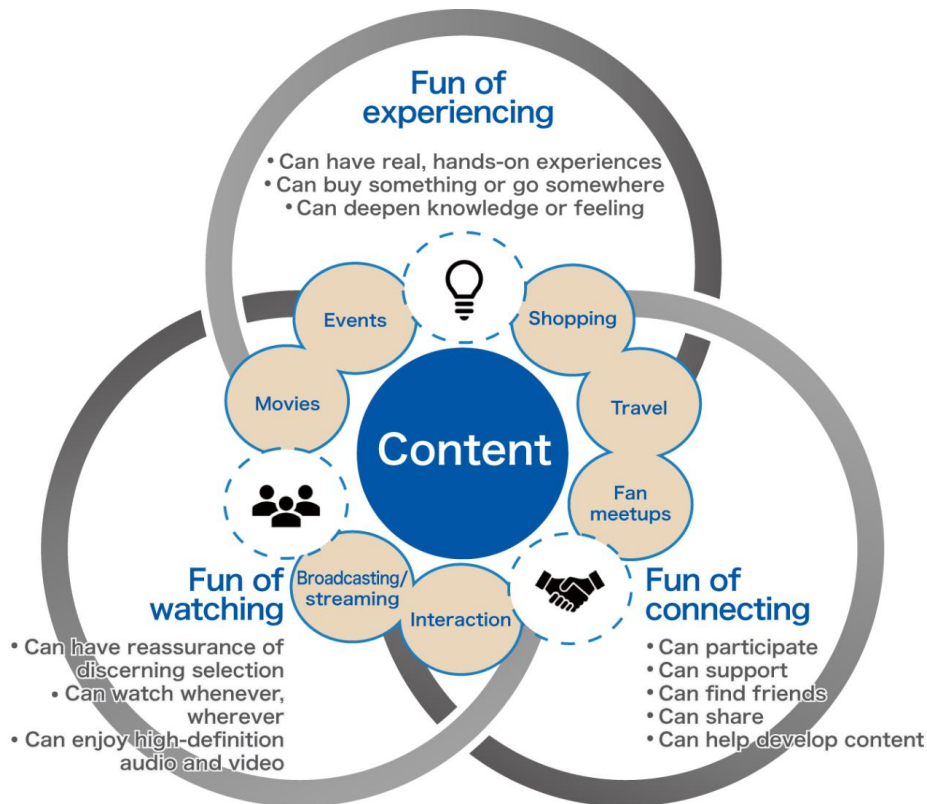
Redesign our subscription business model from visual media business to content and community business



Thorough customer-centric reform of services to improve customer experience

1. Content	<ul style="list-style-type: none">■ 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	<ul style="list-style-type: none">■ 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	<ul style="list-style-type: none">■ 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	<ul style="list-style-type: none">■ Hold original content events and develop content linked to movies and TV shows■ Develop new projects such as regional revitalization projects

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





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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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