

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

October 30, 2020

Company name: WOWOW INC.
 Stock exchange listing: Tokyo
 Stock code: 4839 URL <https://www.wowow.co.jp>
 Representative: Representative Director, President & CEO Akira Tanaka
 General Manager Human Resources
 &General Affairs Division Mototaka Yamaguchi TEL 03-4330-8080
 Inquiries: Mototaka Yamaguchi
 Scheduled date to file Quarterly Securities Report: November 13, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors, analysts and the press)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2020	39,376	(4.1)	7,735	68.5	8,104	63.5	5,663	63.7
Six months ended September 30, 2019	41,070	0.9	4,589	10.4	4,955	11.2	3,460	12.9

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2020	209.70	–
Six months ended September 30, 2019	128.20	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	96,572	64,206	66.5
As of March 31, 2020	90,024	60,555	67.3

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	–	0.00	–	80.00	80.00
Year ending March 31, 2021	–	0.00	–	80.00	80.00
Year ending March 31, 2021 (Forecast)	–	–	–	80.00	80.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	78,800	(4.4)	4,800	(43.5)	5,000	(45.8)	3,300	(34.9)	122.11

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
 - Changes in accounting policies due to other reasons: No
 - Changes in accounting estimates: No
 - Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2020	28,844,400 shares	As of March 31, 2020	28,844,400 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	1,805,644 shares	As of March 31, 2020	1,853,318 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2020	27,009,578 shares	Six months ended September 30, 2019	26,991,082 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	29,703	30,844
Notes and accounts receivable - trade	5,550	4,982
Merchandise and finished goods	48	84
Broadcasting licenses	21,856	24,140
Work in process	80	17
Supplies	41	52
Other	2,864	2,924
Allowance for doubtful accounts	(100)	(83)
Total current assets	60,045	62,963
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,753	5,012
Machinery and equipment, net	2,215	2,537
Tools, furniture and fixtures, net	1,153	1,461
Construction in progress	37	2,570
Other, net	60	52
Total property, plant and equipment	8,220	11,634
Intangible assets		
Leasehold interests in land	5,011	5,011
Goodwill	606	572
Other	4,246	4,123
Total intangible assets	9,864	9,707
Investments and other assets		
Investment securities	8,758	8,991
Deferred tax assets	2,120	2,071
Other	1,041	1,230
Allowance for doubtful accounts	(27)	(27)
Total investments and other assets	11,894	12,266
Total non-current assets	29,979	33,608
Total assets	90,024	96,572

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	18,769	20,317
Income taxes payable	1,578	2,502
Provision for bonuses	153	143
Other	6,116	6,691
Total current liabilities	26,617	29,655
Non-current liabilities		
Retirement benefit liability	2,152	2,035
Other	697	675
Total non-current liabilities	2,850	2,710
Total liabilities	29,468	32,365
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	2,738	2,777
Retained earnings	55,678	59,183
Treasury shares	(3,081)	(3,002)
Total shareholders' equity	60,334	63,957
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	163	245
Deferred gains or losses on hedges	57	3
Remeasurements of defined benefit plans	(0)	(0)
Total accumulated other comprehensive income	220	248
Total net assets	60,555	64,206
Total liabilities and net assets	90,024	96,572

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	41,070	39,376
Cost of sales	23,821	18,855
Gross profit	17,248	20,521
Selling, general and administrative expenses	12,658	12,786
Operating profit	4,589	7,735
Non-operating income		
Interest income	17	7
Foreign exchange gains	136	41
Share of profit of entities accounted for using equity method	164	211
Other	51	112
Total non-operating income	370	373
Non-operating expenses		
Other	4	4
Total non-operating expenses	4	4
Ordinary profit	4,955	8,104
Extraordinary income		
Gain on sales of non-current assets	0	–
Total extraordinary income	0	–
Extraordinary losses		
Loss on retirement of non-current assets	1	14
Loss on sales of non-current assets	0	–
Loss on valuation of golf club membership	0	–
Total extraordinary losses	2	14
Profit before income taxes	4,953	8,089
Income taxes - current	1,499	2,413
Income taxes - deferred	(6)	12
Total income taxes	1,493	2,425
Profit	3,460	5,663
Profit attributable to owners of parent	3,460	5,663

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	3,460	5,663
Other comprehensive income		
Valuation difference on available-for-sale securities	(154)	81
Deferred gains or losses on hedges	(67)	(58)
Remeasurements of defined benefit plans, net of tax	0	0
Share of other comprehensive income of entities accounted for using equity method	(12)	4
Total other comprehensive income	(234)	27
Comprehensive income	3,225	5,691
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,225	5,691

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	4,953	8,089
Depreciation	1,318	1,369
Amortization of goodwill	33	33
Increase (decrease) in allowance for doubtful accounts	(20)	(17)
Increase (decrease) in provision for bonuses	2	(9)
Increase (decrease) in retirement benefit liability	(41)	(117)
Interest and dividend income	(45)	(36)
Foreign exchange losses (gains)	86	78
Share of loss (profit) of entities accounted for using equity method	(105)	(111)
Loss on retirement of non-current assets	1	14
Loss (gain) on sales of non-current assets	(0)	–
Loss on valuation of golf club memberships	0	–
Decrease (increase) in trade receivables	246	567
Increase (decrease) in unearned revenue	34	(12)
Decrease (increase) in inventories	4,898	(2,267)
Increase (decrease) in trade payables	(4,908)	1,484
Increase (decrease) in accrued consumption taxes	582	(783)
Decrease (increase) in other assets	(422)	(6)
Increase (decrease) in other liabilities	(1,782)	(765)
Other, net	0	–
Subtotal	4,832	7,510
Interest and dividends received	45	36
Income taxes paid	(664)	(1,454)
Net cash provided by (used in) operating activities	4,213	6,093
Cash flows from investing activities		
Payments into time deposits	(1,383)	(3,931)
Proceeds from withdrawal of time deposits	1,383	1,369
Purchase of property, plant and equipment	(1,490)	(2,074)
Proceeds from sales of property, plant and equipment	0	–
Purchase of intangible assets	(564)	(373)
Purchase of investment securities	(35)	–
Loan advances	(40)	(0)
Collection of loans receivable	0	–
Payments of leasehold and guarantee deposits	(7)	(248)
Proceeds from refund of leasehold and guarantee deposits	39	0
Other, net	0	–
Net cash provided by (used in) investing activities	(2,098)	(5,257)
Cash flows from financing activities		
Repayments of finance lease obligations	(19)	(19)
Dividends paid	(2,159)	(2,159)
Net cash provided by (used in) financing activities	(2,178)	(2,178)
Effect of exchange rate change on cash and cash equivalents	(46)	9
Net increase (decrease) in cash and cash equivalents	(110)	(1,332)
Cash and cash equivalents at beginning of period	24,129	28,288
Cash and cash equivalents at end of period	24,019	26,955