

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 14, 2021

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 TEL 03-4330-8080
 Scheduled date of ordinary general meeting of shareholders: June 22, 2021
 Scheduled date to file Securities Report: June 23, 2021
 Scheduled date to commence dividend payments: June 2, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of 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 year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated operating results

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	%
Year ended March 31, 2021	79,165	(4.0)	6,789	(20.0)	6,934	(24.8)	2,942	(42.0)
Year ended March 31, 2020	82,450	(0.2)	8,489	25.2	9,225	22.5	5,072	(2.1)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2021	108.89	–	4.8	7.7	8.6
Year ended March 31, 2020	187.92	–	8.6	10.1	10.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	90,593	61,756	68.2	2,284.05
As of March 31, 2020	90,024	60,555	67.3	2,243.54

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	5,961	(9,948)	(2,196)	22,151
Year ended March 31, 2020	9,982	(3,580)	(2,198)	28,288

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2020	–	0.00	–	80.00	80.00	2,159	42.6	3.6
Year ended March 31, 2021	–	0.00	–	80.00	80.00	2,163	73.5	3.5
Year ending March 31, 2022 (Forecast)	–	0.00	–	50.00	50.00		67.6	

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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
Six months ending September 30, 2021	39,600	0.6	500	(93.5)	600	(92.6)	300	(94.7)	11.10
Full year	79,500	0.4	2,900	(57.3)	3,000	(56.7)	2,000	(32.0)	73.97

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2021	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 March 31, 2021	1,806,398 shares	As of March 31, 2020	1,853,318 shares
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Average number of shares during the period

Year ended March 31, 2021	27,024,093 shares	Year ended March 31, 2020	26,991,082 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	29,703	25,892
Notes and accounts receivable - trade	5,550	5,214
Merchandise and finished goods	48	54
Broadcasting licenses	21,856	23,040
Work in process	80	22
Supplies	41	45
Prepaid expenses	1,110	1,305
Other	1,753	1,539
Allowance for doubtful accounts	(100)	(80)
Total current assets	60,045	57,033
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,984	9,318
Accumulated depreciation	(4,231)	(4,374)
Buildings and structures, net	4,753	4,944
Machinery and equipment	12,926	16,276
Accumulated depreciation	(10,711)	(10,730)
Machinery and equipment, net	2,215	5,546
Tools, furniture and fixtures	3,634	4,397
Accumulated depreciation	(2,480)	(2,552)
Tools, furniture and fixtures, net	1,153	1,844
Construction in progress	37	369
Other, net	60	28
Total property, plant and equipment	8,220	12,733
Intangible assets		
Leasehold interests in land	5,011	5,011
Software	2,425	3,132
Goodwill	606	–
Other	1,821	193
Total intangible assets	9,864	8,337
Investments and other assets		
Investment securities	8,758	9,136
Leasehold and guarantee deposits	886	993
Deferred tax assets	2,120	2,077
Other	154	659
Allowance for doubtful accounts	(27)	(378)
Total investments and other assets	11,894	12,489
Total non-current assets	29,979	33,560
Total assets	90,024	90,593

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	18,769	18,763
Accounts payable - other	1,391	1,543
Accrued expenses	3,956	4,534
Income taxes payable	1,578	1,114
Provision for bonuses	153	148
Other	768	564
Total current liabilities	26,617	26,667
Non-current liabilities		
Retirement benefit liability	2,152	2,043
Other	697	126
Total non-current liabilities	2,850	2,169
Total liabilities	29,468	28,837
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	2,738	2,777
Retained earnings	55,678	56,461
Treasury shares	(3,081)	(3,002)
Total shareholders' equity	60,334	61,236
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	163	467
Deferred gains or losses on hedges	57	44
Remeasurements of defined benefit plans	(0)	8
Total accumulated other comprehensive income	220	520
Total net assets	60,555	61,756
Total liabilities and net assets	90,024	90,593

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	82,450	79,165
Cost of sales	46,803	44,803
Gross profit	35,647	34,362
Selling, general and administrative expenses	27,158	27,572
Operating profit	8,489	6,789
Non-operating income		
Interest income	31	11
Foreign exchange gains	226	90
Share of profit of entities accounted for using equity method	394	236
Subsidy income	19	93
Other	74	72
Total non-operating income	746	505
Non-operating expenses		
Provision of allowance for doubtful accounts	–	353
Other	9	7
Total non-operating expenses	9	360
Ordinary profit	9,225	6,934
Extraordinary income		
Gain on sale of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on retirement of non-current assets	9	72
Loss on sale of non-current assets	0	–
Impairment losses	–	2,131
Loss on valuation of investment securities	634	–
Loss on valuation of shares of subsidiaries and associates	585	177
Loss on valuation of golf club membership	0	–
Total extraordinary losses	1,229	2,381
Profit before income taxes	7,996	4,553
Income taxes - current	2,844	2,287
Income taxes - deferred	79	(677)
Total income taxes	2,924	1,610
Profit	5,072	2,942
Profit attributable to owners of parent	5,072	2,942

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	5,072	2,942
Other comprehensive income		
Valuation difference on available-for-sale securities	(388)	303
Deferred gains or losses on hedges	3	5
Remeasurements of defined benefit plans, net of tax	0	9
Share of other comprehensive income of entities accounted for using equity method	(3)	(18)
Total other comprehensive income	(388)	299
Comprehensive income	4,684	3,241
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,684	3,241

Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,000	2,738	52,765	(3,081)	57,421
Changes during period					
Dividends of surplus			(2,159)		(2,159)
Profit attributable to owners of parent			5,072		5,072
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,912	–	2,912
Balance at end of period	5,000	2,738	55,678	(3,081)	60,334

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	552	57	(0)	609	58,030
Changes during period					
Dividends of surplus					(2,159)
Profit attributable to owners of parent					5,072
Net changes in items other than shareholders' equity	(388)	0	0	(388)	(388)
Total changes during period	(388)	0	0	(388)	2,524
Balance at end of period	163	57	(0)	220	60,555

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,000	2,738	55,678	(3,081)	60,334
Changes during period					
Dividends of surplus			(2,159)		(2,159)
Profit attributable to owners of parent			2,942		2,942
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		38		79	118
Net changes in items other than shareholders' equity					
Total changes during period	–	38	783	78	901
Balance at end of period	5,000	2,777	56,461	(3,002)	61,236

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	163	57	(0)	220	60,555
Changes during period					
Dividends of surplus					(2,159)
Profit attributable to owners of parent					2,942
Purchase of treasury shares					(0)
Disposal of treasury shares					118
Net changes in items other than shareholders' equity	303	(13)	9	299	299
Total changes during period	303	(13)	9	299	1,200
Balance at end of period	467	44	8	520	61,756

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	7,996	4,553
Depreciation	2,725	3,314
Amortization of goodwill	67	67
Increase (decrease) in allowance for doubtful accounts	(39)	330
Increase (decrease) in provision for bonuses	6	(4)
Increase (decrease) in retirement benefit liability	(51)	(95)
Interest and dividend income	(75)	(56)
Foreign exchange losses (gains)	73	(126)
Share of loss (profit) of entities accounted for using equity method	(335)	(136)
Loss on retirement of non-current assets	9	72
Loss (gain) on sale of non-current assets	(0)	(0)
Impairment losses	–	2,131
Loss (gain) on valuation of investment securities	634	–
Loss on valuation of shares of subsidiaries and associates	585	177
Loss on valuation of golf club membership	0	–
Decrease (increase) in trade receivables	34	336
Decrease (increase) in inventories	6,025	(1,134)
Increase (decrease) in trade payables	(5,267)	(111)
Increase (decrease) in accrued consumption taxes	789	(876)
Decrease (increase) in other assets	(481)	(336)
Increase (decrease) in other liabilities	(830)	580
Other, net	0	(0)
Subtotal	11,867	8,686
Interest and dividends received	75	56
Income taxes paid	(1,960)	(2,780)
Net cash provided by (used in) operating activities	9,982	5,961
Cash flows from investing activities		
Payments into time deposits	(1,422)	(5,313)
Proceeds from withdrawal of time deposits	1,422	3,066
Purchase of property, plant and equipment	(2,315)	(5,660)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(1,208)	(1,706)
Purchase of investment securities	(35)	–
Payments of leasehold and guarantee deposits	(24)	(270)
Proceeds from refund of leasehold and guarantee deposits	42	95
Other, net	(39)	(160)
Net cash provided by (used in) investing activities	(3,580)	(9,948)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Repayments of finance lease obligations	(38)	(36)
Purchase of treasury shares	–	(0)
Dividends paid	(2,159)	(2,159)
Net cash provided by (used in) financing activities	(2,198)	(2,196)
Effect of exchange rate change on cash and cash equivalents	(45)	46
Net increase (decrease) in cash and cash equivalents	4,159	(6,136)
Cash and cash equivalents at beginning of period	24,129	28,288
Cash and cash equivalents at end of period	28,288	22,151