

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (Based on Japanese GAAP)

May 15, 2020

Company name: WOWOW INC.
 Stock exchange listing: Tokyo
 Stock code: 4839 URL <https://www.wowow.co.jp>
 Representative: President Akira Tanaka
 Board Director
 Inquiries: For Investor Relations, Finance & Accounting Junichi Onoue TEL 03-4330-8097
 and Strategy Integration
 Scheduled date of ordinary general meeting of shareholders: June 23, 2020
 Scheduled date to file Securities Report: June 24, 2020
 Scheduled date to commence dividend payments: June 9, 2020
 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, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	82,450	(0.2)	8,489	25.2	9,225	22.5	5,072	(2.1)
Year ended March 31, 2019	82,623	1.3	6,779	(31.4)	7,531	(29.6)	5,182	(29.6)

	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, 2020	187.92	–	8.6	10.1	10.3
Year ended March 31, 2019	192.02	–	9.2	8.4	8.2

(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, 2020	90,024	60,555	67.3	2,243.54
As of March 31, 2019	92,555	58,030	62.7	2,150.01

(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, 2020	9,982	(3,580)	(2,198)	28,288
Year ended March 31, 2019	5,017	(2,856)	(2,236)	24,129

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, 2019	–	0.00	–	80.00	80.00	2,159	41.7	3.8
Year ended March 31, 2020	–	0.00	–	80.00	80.00	2,159	42.6	3.6
Year ending March 31, 2021 (Forecast)	–	0.00	–	80.00	80.00		65.4	

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
Six months ending September 30, 2020	39,700	(3.3)	4,500	(2.0)	4,700	(5.2)	3,000	(13.3)	111.15
Full year	80,700	(2.1)	4,800	(43.5)	5,000	(45.8)	3,300	(34.9)	122.26

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(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, 2020	28,844,400 shares	As of March 31, 2019	28,844,400 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	1,853,318 shares	As of March 31, 2019	1,853,318 shares
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Average number of shares during the period

Year ended March 31, 2020	26,991,082 shares	Year ended March 31, 2019	26,991,082 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	25,572	29,703
Notes and accounts receivable - trade	5,585	5,550
Merchandise and finished goods	46	48
Broadcasting licenses	27,948	21,856
Work in process	11	80
Supplies	36	41
Prepaid expenses	709	1,110
Other	1,717	1,753
Allowance for doubtful accounts	(140)	(100)
Total current assets	61,488	60,045
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,745	8,984
Accumulated depreciation	(3,940)	(4,231)
Buildings and structures, net	4,804	4,753
Machinery and equipment	12,469	12,926
Accumulated depreciation	(10,114)	(10,711)
Machinery and equipment, net	2,355	2,215
Tools, furniture and fixtures	3,144	3,634
Accumulated depreciation	(2,183)	(2,480)
Tools, furniture and fixtures, net	961	1,153
Construction in progress	13	37
Other, net	44	60
Total property, plant and equipment	8,179	8,220
Intangible assets		
Leasehold interests in land	5,011	5,011
Software	2,004	2,425
Goodwill	674	606
Other	1,942	1,821
Total intangible assets	9,632	9,864
Investments and other assets		
Investment securities	10,170	8,758
Leasehold and guarantee deposits	882	886
Deferred tax assets	2,054	2,120
Other	174	154
Allowance for doubtful accounts	(27)	(27)
Total investments and other assets	13,254	11,894
Total non-current assets	31,066	29,979
Total assets	92,555	90,024

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	23,858	18,769
Accounts payable - other	1,420	1,391
Accrued expenses	4,415	3,956
Income taxes payable	925	1,578
Provision for bonuses	146	153
Other	844	768
Total current liabilities	31,611	26,617
Non-current liabilities		
Retirement benefit liability	2,203	2,152
Other	708	697
Total non-current liabilities	2,912	2,850
Total liabilities	34,524	29,468
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	2,738	2,738
Retained earnings	52,765	55,678
Treasury shares	(3,081)	(3,081)
Total shareholders' equity	57,421	60,334
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	552	163
Deferred gains or losses on hedges	57	57
Remeasurements of defined benefit plans	(0)	(0)
Total accumulated other comprehensive income	609	220
Total net assets	58,030	60,555
Total liabilities and net assets	92,555	90,024

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	82,623	82,450
Cost of sales	49,616	46,803
Gross profit	33,006	35,647
Selling, general and administrative expenses	26,227	27,158
Operating profit	6,779	8,489
Non-operating income		
Interest income	34	31
Foreign exchange gains	500	226
Share of profit of entities accounted for using equity method	134	394
Other	85	94
Total non-operating income	755	746
Non-operating expenses		
Other	3	9
Total non-operating expenses	3	9
Ordinary profit	7,531	9,225
Extraordinary income		
Gain on sales of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on retirement of non-current assets	57	9
Loss on sales of non-current assets	–	0
Loss on valuation of investment securities	–	634
Loss on valuation of shares of subsidiaries and associates	–	585
Loss on valuation of golf club membership	7	0
Total extraordinary losses	64	1,229
Profit before income taxes	7,467	7,996
Income taxes - current	2,601	2,844
Income taxes - deferred	(316)	79
Total income taxes	2,284	2,924
Profit	5,182	5,072
Profit attributable to owners of parent	5,182	5,072

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	5,182	5,072
Other comprehensive income		
Valuation difference on available-for-sale securities	(264)	(388)
Deferred gains or losses on hedges	199	3
Remeasurements of defined benefit plans, net of tax	(0)	0
Share of other comprehensive income of entities accounted for using equity method	77	(3)
Total other comprehensive income	12	(388)
Comprehensive income	5,195	4,684
Comprehensive income attributable to Comprehensive income attributable to owners of parent	5,195	4,684

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(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	49,741	(3,081)	54,398
Changes during period					
Dividends of surplus			(2,159)		(2,159)
Profit attributable to owners of parent			5,182		5,182
Net changes in items other than shareholders' equity					
Total changes during period	–	–	3,023	–	3,023
Balance at end of period	5,000	2,738	52,765	(3,081)	57,421

	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	816	(219)	–	596	54,994
Changes during period					
Dividends of surplus					(2,159)
Profit attributable to owners of parent					5,182
Net changes in items other than shareholders' equity	(264)	277	(0)	12	12
Total changes during period	(264)	277	(0)	12	3,035
Balance at end of period	552	57	(0)	609	58,030

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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	7,467	7,996
Depreciation	2,713	2,725
Amortization of goodwill	67	67
Increase (decrease) in allowance for doubtful accounts	(94)	(39)
Increase (decrease) in provision for bonuses	22	6
Increase (decrease) in retirement benefit liability	414	(51)
Interest and dividend income	(78)	(75)
Foreign exchange losses (gains)	(275)	73
Share of loss (profit) of entities accounted for using equity method	(43)	(335)
Loss on retirement of non-current assets	57	9
Loss (gain) on sales of non-current assets	(0)	(0)
Loss (gain) on valuation of investment securities	–	634
Loss on valuation of shares of subsidiaries and associates	–	585
Loss on valuation of golf club memberships	7	0
Decrease (increase) in trade receivables	203	34
Decrease (increase) in inventories	(4,785)	6,025
Increase (decrease) in trade payables	3,338	(5,267)
Increase (decrease) in accrued consumption taxes	(431)	789
Decrease (increase) in other assets	88	(481)
Increase (decrease) in other liabilities	19	(830)
Other, net	6	0
Subtotal	8,697	11,867
Interest and dividends received	78	75
Income taxes paid	(3,758)	(1,960)
Net cash provided by (used in) operating activities	5,017	9,982
Cash flows from investing activities		
Payments into time deposits	(2,912)	(1,422)
Proceeds from withdrawal of time deposits	2,910	1,422
Purchase of property, plant and equipment	(2,105)	(2,315)
Proceeds from sales of property, plant and equipment	1	0
Purchase of intangible assets	(658)	(1,208)
Purchase of investment securities	(2)	(35)
Payments of leasehold and guarantee deposits	(41)	(24)
Proceeds from refund of leasehold and guarantee deposits	0	42
Other, net	(49)	(39)
Net cash provided by (used in) investing activities	(2,856)	(3,580)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Repayments of finance lease obligations	(77)	(38)
Dividends paid	(2,159)	(2,159)
Net cash provided by (used in) financing activities	(2,236)	(2,198)
Effect of exchange rate change on cash and cash equivalents	213	(45)
Net increase (decrease) in cash and cash equivalents	137	4,159
Cash and cash equivalents at beginning of period	23,991	24,129
Cash and cash equivalents at end of period	24,129	28,288