

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results
for the Year Ended March 31, 2018
(Based on Japanese GAAP)**

May 15, 2018

Company name: WOWOW INC.
 Stock exchange listing: Tokyo
 Stock code: 4839 URL <http://www.wowow.co.jp>
 Representative: President Akira Tanaka
 General Manager Investor Relations, Finance
 Inquiries: Junichi Onoue TEL 03-4330-8097
 & Accounting Division
 Scheduled date of ordinary general meeting of shareholders: June 21, 2018
 Scheduled date to file Securities Report: June 22, 2018
 Scheduled date to commence dividend payments: June 1, 2018
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	81,574	4.2	9,875	(2.6)	10,698	4.0	7,360	8.2
Year ended March 31, 2017	78,253	3.9	10,141	11.7	10,282	8.1	6,800	1.4

	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, 2018	272.70	–	14.1	12.7	12.1
Year ended March 31, 2017	251.94	–	14.4	14.2	13.0

(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, 2018	87,083	54,994	63.2	2,037.52
As of March 31, 2017	81,461	49,731	61.0	1,842.49

(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, 2018	9,421	(7,238)	(2,343)	23,991
Year ended March 31, 2017	12,202	(2,543)	(2,020)	24,157

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, 2017	–	0.00	–	80.00	80.00	2,159	31.8	4.6
Year ended March 31, 2018	–	0.00	–	80.00	80.00	2,159	29.3	4.1
Year ending March 31, 2019 (Forecast)	–	0.00	–	80.00	80.00		43.2	

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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, 2018	40,700	1.2	3,500	(39.9)	3,800	(38.8)	2,600	(39.3)	96.33
Full year	83,300	2.1	6,600	(33.2)	7,100	(33.6)	5,000	(32.1)	185.25

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(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, 2018	28,844,400 shares	As of March 31, 2017	28,844,400 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2018	1,853,318 shares	As of March 31, 2017	1,853,163 shares
----------------------	------------------	----------------------	------------------

Average number of shares during the period

Year ended March 31, 2018	26,991,185 shares	Year ended March 31, 2017	26,991,265 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	25,503	13,371
Accounts receivable - trade	4,877	5,787
Securities	–	12,000
Merchandise and finished goods	141	36
Broadcasting licenses	24,116	23,173
Work in process	–	12
Supplies	54	31
Prepaid expenses	624	667
Deferred tax assets	1,142	1,376
Other	1,408	1,857
Allowance for doubtful accounts	(121)	(175)
Total current assets	57,747	58,137
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,712	5,824
Accumulated depreciation	(3,669)	(3,931)
Buildings and structures, net	2,042	1,892
Machinery and equipment	11,917	12,051
Accumulated depreciation	(8,409)	(9,345)
Machinery and equipment, net	3,507	2,706
Tools, furniture and fixtures	3,298	2,972
Accumulated depreciation	(2,365)	(2,328)
Tools, furniture and fixtures, net	932	644
Construction in progress	5	1,870
Other, net	–	67
Total property, plant and equipment	6,488	7,180
Intangible assets		
Leasehold right	5,011	5,011
Software	2,150	2,111
Goodwill	–	741
Other	50	2,063
Total intangible assets	7,212	9,927
Investments and other assets		
Investment securities	8,627	10,385
Lease and guarantee deposits	829	900
Deferred tax assets	393	483
Other	185	155
Allowance for doubtful accounts	(22)	(87)
Total investments and other assets	10,013	11,837
Total non-current assets	23,714	28,945
Total assets	81,461	87,083

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	23,298	20,465
Accounts payable - other	702	1,189
Accrued expenses	3,548	4,240
Income taxes payable	1,508	2,126
Provision for bonuses	66	123
Other	823	1,085
Total current liabilities	29,947	29,231
Non-current liabilities		
Net defined benefit liability	1,656	1,788
Other	125	1,068
Total non-current liabilities	1,782	2,857
Total liabilities	31,730	32,088
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	2,738	2,738
Retained earnings	44,540	49,741
Treasury shares	(3,081)	(3,081)
Total shareholders' equity	49,197	54,398
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	611	816
Deferred gains or losses on hedges	(78)	(219)
Total accumulated other comprehensive income	533	596
Total net assets	49,731	54,994
Total liabilities and net assets	81,461	87,083

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	78,253	81,574
Cost of sales	42,491	45,224
Gross profit	35,762	36,350
Selling, general and administrative expenses	25,620	26,474
Operating profit	10,141	9,875
Non-operating income		
Interest income	14	19
Foreign exchange gains	–	381
Share of profit of entities accounted for using equity method	341	361
Other	83	61
Total non-operating income	439	823
Non-operating expenses		
Foreign exchange losses	297	–
Other	0	0
Total non-operating expenses	298	0
Ordinary profit	10,282	10,698
Extraordinary income		
Gain on sales of non-current assets	0	2
Total extraordinary income	0	2
Extraordinary losses		
Loss on retirement of non-current assets	521	39
Loss on valuation of investment securities	0	–
Impairment loss	–	32
Total extraordinary losses	521	71
Profit before income taxes	9,761	10,630
Income taxes - current	2,923	3,520
Income taxes - deferred	37	(250)
Total income taxes	2,961	3,270
Profit	6,800	7,360
Profit attributable to owners of parent	6,800	7,360

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	6,800	7,360
Other comprehensive income		
Valuation difference on available-for-sale securities	102	204
Deferred gains or losses on hedges	22	(175)
Share of other comprehensive income of entities accounted for using equity method	48	34
Total other comprehensive income	174	63
Comprehensive income	6,974	7,423
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,974	7,423

Consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,000	2,738	39,629	(3,081)	44,287
Changes of items during period					
Dividends of surplus			(1,889)		(1,889)
Profit attributable to owners of parent			6,800		6,800
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	4,910	(0)	4,910
Balance at end of current period	5,000	2,738	44,540	(3,081)	49,197

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income	
Balance at beginning of current period	508	(149)	359	44,646
Changes of items during period				
Dividends of surplus				(1,889)
Profit attributable to owners of parent				6,800
Purchase of treasury shares				(0)
Net changes of items other than shareholders' equity	102	71	174	174
Total changes of items during period	102	71	174	5,084
Balance at end of current period	611	(78)	533	49,731

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,000	2,738	44,540	(3,081)	49,197
Changes of items during period					
Dividends of surplus			(2,159)		(2,159)
Profit attributable to owners of parent			7,360		7,360
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	5,201	(0)	5,200
Balance at end of current period	5,000	2,738	49,741	(3,081)	54,398

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income	
Balance at beginning of current period	611	(78)	533	49,731
Changes of items during period				
Dividends of surplus				(2,159)
Profit attributable to owners of parent				7,360
Purchase of treasury shares				(0)
Net changes of items other than shareholders' equity	204	(141)	63	63
Total changes of items during period	204	(141)	63	5,263
Balance at end of current period	816	(219)	596	54,994

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	9,761	10,630
Depreciation	3,510	3,045
Impairment loss	–	32
Amortization of goodwill	–	67
Increase (decrease) in allowance for doubtful accounts	(2)	107
Increase (decrease) in provision for bonuses	(1)	2
Increase (decrease) in net defined benefit liability	36	74
Interest and dividend income	(54)	(62)
Foreign exchange losses (gains)	13	77
Share of loss (profit) of entities accounted for using equity method	(241)	(272)
Loss on retirement of non-current assets	521	39
Loss (gain) on sales of non-current assets	(0)	(2)
Loss (gain) on valuation of investment securities	0	–
Decrease (increase) in notes and accounts receivable - trade	(454)	(404)
Decrease (increase) in inventories	(9,853)	1,488
Increase (decrease) in notes and accounts payable - trade	13,209	(3,341)
Increase (decrease) in accrued consumption taxes	(714)	573
Decrease (increase) in other assets	(1,248)	(716)
Increase (decrease) in other liabilities	659	915
Other, net	(18)	8
Subtotal	15,124	12,259
Interest and dividend income received	54	62
Income taxes paid	(2,975)	(2,900)
Net cash provided by (used in) operating activities	12,202	9,421
Cash flows from investing activities		
Payments into time deposits	(2,901)	(2,717)
Proceeds from withdrawal of time deposits	3,239	2,612
Purchase of property, plant and equipment	(1,314)	(2,277)
Proceeds from sales of property, plant and equipment	0	2
Purchase of intangible assets	(757)	(738)
Purchase of investment securities	–	(1,192)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(2,982)
Purchase of shares of subsidiaries	(795)	–
Payments for lease and guarantee deposits	(148)	(3)
Proceeds from collection of lease and guarantee deposits	135	1
Other, net	(0)	55
Net cash provided by (used in) investing activities	(2,543)	(7,238)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Repayments of finance lease obligations	(130)	(183)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,889)	(2,159)
Net cash provided by (used in) financing activities	(2,020)	(2,343)
Effect of exchange rate change on cash and cash equivalents	(8)	(5)
Net increase (decrease) in cash and cash equivalents	7,630	(165)
Cash and cash equivalents at beginning of period	16,526	24,157
Cash and cash equivalents at end of period	24,157	23,991