

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2019
(Based on Japanese GAAP)**

May 15, 2019

Company name: WOWOW INC.
 Stock exchange listing: Tokyo
 Stock code: 4839 URL <https://www.wowow.co.jp>
 Representative: President Akira Tanaka
 Executive Officer General Manager Investor
 Inquiries: Relations, Finance & Accounting Division Junichi Onoue TEL 03-4330-8097
 Scheduled date of ordinary general meeting of shareholders: June 20, 2019
 Scheduled date to file Securities Report: June 21, 2019
 Scheduled date to commence dividend payments: June 3, 2019
 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, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019	82,623	1.3	6,779	(31.4)	7,531	(29.6)	5,182	(29.6)
Year ended March 31, 2018	81,574	4.2	9,875	(2.6)	10,698	4.0	7,360	8.2

	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, 2019	192.02	–	9.2	8.4	8.2
Year ended March 31, 2018	272.70	–	14.1	12.7	12.1

(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, 2019	92,555	58,030	62.7	2,150.01
As of March 31, 2018	87,083	54,994	63.2	2,037.52

(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, 2019	5,017	(2,856)	(2,236)	24,129
Year ended March 31, 2018	9,421	(7,238)	(2,343)	23,991

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, 2018	–	0.00	–	80.00	80.00	2,159	29.3	4.1
Year ended March 31, 2019	–	0.00	–	80.00	80.00	2,159	41.7	3.8
Year ending March 31, 2020 (Forecast)	–	0.00	–	80.00	80.00		38.6	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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, 2019	41,100	1.0	3,000	(27.8)	3,200	(28.2)	2,200	(28.2)	81.51
Full year	83,500	1.1	7,600	12.1	8,000	6.2	5,600	8.0	207.48

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(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, 2019	28,844,400 shares	As of March 31, 2018	28,844,400 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	1,853,318 shares	As of March 31, 2018	1,853,318 shares
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Average number of shares during the period

Year ended March 31, 2019	26,991,082 shares	Year ended March 31, 2018	26,991,185 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	13,371	25,572
Notes and accounts receivable - trade	5,787	5,585
Securities	12,000	—
Merchandise and finished goods	36	46
Broadcasting licenses	23,173	27,948
Work in process	12	11
Supplies	31	36
Prepaid expenses	667	709
Other	1,857	1,717
Allowance for doubtful accounts	(175)	(140)
Total current assets	56,761	61,488
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,824	8,745
Accumulated depreciation	(3,931)	(3,940)
Buildings and structures, net	1,892	4,804
Machinery and equipment	12,051	12,469
Accumulated depreciation	(9,345)	(10,114)
Machinery and equipment, net	2,706	2,355
Tools, furniture and fixtures	2,972	3,144
Accumulated depreciation	(2,328)	(2,183)
Tools, furniture and fixtures, net	644	961
Construction in progress	1,870	13
Other, net	67	44
Total property, plant and equipment	7,180	8,179
Intangible assets		
Leasehold right	5,011	5,011
Software	2,111	2,004
Goodwill	741	674
Other	2,063	1,942
Total intangible assets	9,927	9,632
Investments and other assets		
Investment securities	10,385	10,170
Leasehold and guarantee deposits	900	882
Deferred tax assets	1,859	2,054
Other	155	174
Allowance for doubtful accounts	(87)	(27)
Total investments and other assets	13,213	13,254
Total non-current assets	30,321	31,066
Total assets	87,083	92,555

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	20,465	23,858
Accounts payable - other	1,189	1,420
Accrued expenses	4,240	4,415
Income taxes payable	2,126	925
Provision for bonuses	123	146
Other	1,085	844
Total current liabilities	29,231	31,611
Non-current liabilities		
Retirement benefit liability	1,788	2,203
Other	1,068	708
Total non-current liabilities	2,857	2,912
Total liabilities	32,088	34,524
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	2,738	2,738
Retained earnings	49,741	52,765
Treasury shares	(3,081)	(3,081)
Total shareholders' equity	54,398	57,421
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	816	552
Deferred gains or losses on hedges	(219)	57
Remeasurements of defined benefit plans	–	(0)
Total accumulated other comprehensive income	596	609
Total net assets	54,994	58,030
Total liabilities and net assets	87,083	92,555

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

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	81,574	82,623
Cost of sales	45,224	49,616
Gross profit	36,350	33,006
Selling, general and administrative expenses	26,474	26,227
Operating profit	9,875	6,779
Non-operating income		
Interest income	19	34
Foreign exchange gains	381	500
Share of profit of entities accounted for using equity method	361	134
Other	61	85
Total non-operating income	823	755
Non-operating expenses		
Other	0	3
Total non-operating expenses	0	3
Ordinary profit	10,698	7,531
Extraordinary income		
Gain on sales of non-current assets	2	0
Total extraordinary income	2	0
Extraordinary losses		
Loss on retirement of non-current assets	39	57
Loss on valuation of golf club membership	–	7
Impairment loss	32	–
Total extraordinary losses	71	64
Profit before income taxes	10,630	7,467
Income taxes - current	3,520	2,601
Income taxes - deferred	(250)	(316)
Total income taxes	3,270	2,284
Profit	7,360	5,182
Profit attributable to owners of parent	7,360	5,182

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	7,360	5,182
Other comprehensive income		
Valuation difference on available-for-sale securities	204	(264)
Deferred gains or losses on hedges	(175)	199
Remeasurements of defined benefit plans, net of tax	–	(0)
Share of other comprehensive income of entities accounted for using equity method	34	77
Total other comprehensive income	63	12
Comprehensive income	7,423	5,195
Comprehensive income attributable to Comprehensive income attributable to owners of parent	7,423	5,195

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2019

(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	49,741	(3,081)	54,398
Changes of items during period					
Dividends of surplus			(2,159)		(2,159)
Profit attributable to owners of parent			5,182		5,182
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	3,023	–	3,023
Balance at end of current 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 current period	816	(219)	–	596	54,994
Changes of items during period					
Dividends of surplus					(2,159)
Profit attributable to owners of parent					5,182
Net changes of items other than shareholders' equity	(264)	277	(0)	12	12
Total changes of items during period	(264)	277	(0)	12	3,035
Balance at end of current period	552	57	(0)	609	58,030

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	10,630	7,467
Depreciation	3,045	2,713
Impairment loss	32	–
Amortization of goodwill	67	67
Increase (decrease) in allowance for doubtful accounts	107	(94)
Increase (decrease) in provision for bonuses	2	22
Increase (decrease) in retirement benefit liability	74	414
Interest and dividend income	(62)	(78)
Foreign exchange losses (gains)	77	(275)
Share of loss (profit) of entities accounted for using equity method	(272)	(43)
Loss on retirement of non-current assets	39	57
Loss (gain) on sales of non-current assets	(2)	(0)
Loss on valuation of golf club memberships	–	7
Decrease (increase) in notes and accounts receivable - trade	(404)	203
Decrease (increase) in inventories	1,488	(4,785)
Increase (decrease) in notes and accounts payable - trade	(3,341)	3,338
Increase (decrease) in accrued consumption taxes	573	(431)
Decrease (increase) in other assets	(716)	88
Increase (decrease) in other liabilities	915	19
Other, net	8	6
Subtotal	12,259	8,697
Interest and dividend income received	62	78
Income taxes paid	(2,900)	(3,758)
Net cash provided by (used in) operating activities	9,421	5,017
Cash flows from investing activities		
Payments into time deposits	(2,717)	(2,912)
Proceeds from withdrawal of time deposits	2,612	2,910
Purchase of property, plant and equipment	(2,277)	(2,105)
Proceeds from sales of property, plant and equipment	2	1
Purchase of intangible assets	(738)	(658)
Purchase of investment securities	(1,192)	(2)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,982)	–
Payments for leasehold and guarantee deposits	(3)	(41)
Proceeds from collection of leasehold and guarantee deposits	1	0
Other, net	55	(49)
Net cash provided by (used in) investing activities	(7,238)	(2,856)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Repayments of finance lease obligations	(183)	(77)
Purchase of treasury shares	(0)	–
Cash dividends paid	(2,159)	(2,159)
Net cash provided by (used in) financing activities	(2,343)	(2,236)
Effect of exchange rate change on cash and cash equivalents	(5)	213
Net increase (decrease) in cash and cash equivalents	(165)	137
Cash and cash equivalents at beginning of period	24,157	23,991
Cash and cash equivalents at end of period	23,991	24,129