

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 Six Months Ended September 30, 2019 (Based on Japanese GAAP)

October 31, 2019

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 & Junichi Onoue TEL 03-4330-8097
 Accounting and Strategy Integration
 Scheduled date to file Quarterly Securities Report: November 14, 2019
 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 and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(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, 2019	41,070	0.9	4,589	10.4	4,955	11.2	3,460	12.9
Six months ended September 30, 2018	40,684	1.2	4,155	(28.7)	4,454	(28.3)	3,064	(28.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2019	128.20		–	
Six months ended September 30, 2018	113.55		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	87,814	59,097	67.3
As of March 31, 2019	92,555	58,030	62.7

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2019	–	0.00	–	80.00	80.00
Year ending March 31, 2020	–	0.00	–	–	–
Year ending March 31, 2020 (Forecast)	–	–	–	80.00	80.00

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
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 six months ended September 30, 2019
(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, 2019	28,844,400 shares	As of March 31, 2019	28,844,400 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2019	1,853,318 shares	As of March 31, 2019	1,853,318 shares
--------------------------	------------------	----------------------	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2019	26,991,082 shares	Six months ended September 30, 2018	26,991,082 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	25,572	25,422
Notes and accounts receivable - trade	5,585	5,339
Merchandise and finished goods	46	58
Broadcasting licenses	27,948	23,038
Work in process	11	13
Supplies	36	42
Other	2,427	2,770
Allowance for doubtful accounts	(140)	(120)
Total current assets	61,488	56,565
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,804	4,752
Machinery and equipment, net	2,355	2,435
Tools, furniture and fixtures, net	961	1,116
Construction in progress	13	1
Other, net	44	50
Total property, plant and equipment	8,179	8,357
Intangible assets		
Leasehold interests in land	5,011	5,011
Goodwill	674	640
Other	3,946	4,044
Total intangible assets	9,632	9,696
Investments and other assets		
Investment securities	10,170	10,076
Deferred tax assets	2,054	2,124
Other	1,057	1,021
Allowance for doubtful accounts	(27)	(27)
Total investments and other assets	13,254	13,195
Total non-current assets	31,066	31,248
Total assets	92,555	87,814

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	23,858	19,061
Income taxes payable	925	1,531
Provision for bonuses	146	148
Other	6,681	5,145
Total current liabilities	31,611	25,888
Non-current liabilities		
Retirement benefit liability	2,203	2,162
Other	708	666
Total non-current liabilities	2,912	2,828
Total liabilities	34,524	28,717
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	2,738	2,738
Retained earnings	52,765	54,066
Treasury shares	(3,081)	(3,081)
Total shareholders' equity	57,421	58,722
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	552	398
Deferred gains or losses on hedges	57	(22)
Remeasurements of defined benefit plans	(0)	(0)
Total accumulated other comprehensive income	609	374
Total net assets	58,030	59,097
Total liabilities and net assets	92,555	87,814

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, 2018	Six months ended September 30, 2019
Net sales	40,684	41,070
Cost of sales	23,559	23,821
Gross profit	17,125	17,248
Selling, general and administrative expenses	12,969	12,658
Operating profit	4,155	4,589
Non-operating income		
Interest income	16	17
Foreign exchange gains	190	136
Share of profit of entities accounted for using equity method	38	164
Other	54	51
Total non-operating income	300	370
Non-operating expenses		
Other	1	4
Total non-operating expenses	1	4
Ordinary profit	4,454	4,955
Extraordinary income		
Gain on sales of non-current assets	–	0
Total extraordinary income	–	0
Extraordinary losses		
Loss on retirement of non-current assets	19	1
Loss on sales of non-current assets	–	0
Loss on valuation of golf club membership	7	0
Total extraordinary losses	26	2
Profit before income taxes	4,428	4,953
Income taxes - current	1,424	1,499
Income taxes - deferred	(61)	(6)
Total income taxes	1,363	1,493
Profit	3,064	3,460
Profit attributable to owners of parent	3,064	3,460

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	3,064	3,460
Other comprehensive income		
Valuation difference on available-for-sale securities	18	(154)
Deferred gains or losses on hedges	307	(67)
Remeasurements of defined benefit plans, net of tax	–	0
Share of other comprehensive income of entities accounted for using equity method	117	(12)
Total other comprehensive income	443	(234)
Comprehensive income	3,507	3,225
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,507	3,225

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	4,428	4,953
Depreciation	1,245	1,318
Amortization of goodwill	33	33
Increase (decrease) in allowance for doubtful accounts	(85)	(20)
Increase (decrease) in provision for bonuses	21	2
Increase (decrease) in retirement benefit liability	413	(41)
Interest and dividend income	(43)	(45)
Foreign exchange losses (gains)	(410)	86
Share of loss (profit) of entities accounted for using equity method	52	(105)
Loss on retirement of non-current assets	19	1
Loss (gain) on sales of non-current assets	–	(0)
Loss on valuation of golf club memberships	7	0
Decrease (increase) in trade receivables	501	246
Increase (decrease) in unearned revenue	(308)	34
Decrease (increase) in inventories	(5,279)	4,898
Increase (decrease) in trade payables	5,526	(4,908)
Increase (decrease) in accrued consumption taxes	(374)	582
Decrease (increase) in other assets	308	(422)
Increase (decrease) in other liabilities	(382)	(1,782)
Other, net	4	0
Subtotal	5,677	4,832
Interest and dividends received	43	45
Income taxes paid	(2,032)	(664)
Net cash provided by (used in) operating activities	3,688	4,213
Cash flows from investing activities		
Payments into time deposits	(1,456)	(1,383)
Proceeds from withdrawal of time deposits	1,454	1,383
Purchase of property, plant and equipment	(1,455)	(1,490)
Proceeds from sales of property, plant and equipment	–	0
Purchase of intangible assets	(370)	(564)
Purchase of investment securities	–	(35)
Loan advances	(0)	(40)
Collection of loans receivable	0	0
Payments of leasehold and guarantee deposits	(0)	(7)
Proceeds from refund of leasehold and guarantee deposits	0	39
Other, net	(0)	0
Net cash provided by (used in) investing activities	(1,828)	(2,098)
Cash flows from financing activities		
Repayments of finance lease obligations	(49)	(19)
Dividends paid	(2,159)	(2,159)
Net cash provided by (used in) financing activities	(2,209)	(2,178)
Effect of exchange rate change on cash and cash equivalents	315	(46)
Net increase (decrease) in cash and cash equivalents	(33)	(110)
Cash and cash equivalents at beginning of period	23,991	24,129
Cash and cash equivalents at end of period	23,958	24,019