

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2017
(Based on Japanese GAAP)**

May 15, 2017

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 23, 2017
 Scheduled date to file Securities Report: June 26, 2017
 Scheduled date to commence dividend payments: June 5, 2017
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(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, 2017	78,253	3.9	10,141	11.7	10,282	8.1	6,800	1.4
Year ended March 31, 2016	75,296	3.7	9,080	(6.9)	9,516	(8.2)	6,707	1.3

	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, 2017	251.94	–	14.4	14.2	13.0
Year ended March 31, 2016	248.52	–	15.8	15.1	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, 2017	81,461	49,731	61.0	1,842.49
As of March 31, 2016	63,452	44,646	70.4	1,654.10

(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, 2017	12,202	(2,543)	(2,020)	24,157
Year ended March 31, 2016	5,331	(2,669)	(1,696)	16,526

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, 2016	–	0.00	–	70.00	70.00	1,889	28.2	4.4
Year ended March 31, 2017	–	0.00	–	80.00	80.00	2,159	31.8	4.6
Year ending March 31, 2018 (Forecast)	–	0.00	–	80.00	80.00		33.2	

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

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, 2017	40,600	3.5	5,100	(1.4)	5,300	(4.2)	3,700	(3.3)	137.08
Full year	82,500	5.4	9,000	(11.3)	9,400	(8.6)	6,500	(4.4)	240.82

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(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: Yes

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, 2017	28,844,400 shares	As of March 31, 2016	28,844,400 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	1,853,163 shares	As of March 31, 2016	1,853,130 shares
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Average number of shares during the period

Year ended March 31, 2017	26,991,265 shares	Year ended March 31, 2016	26,991,282 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	18,215	25,503
Accounts receivable - trade	4,426	4,877
Merchandise and finished goods	78	141
Broadcasting licenses	14,320	24,116
Supplies	60	54
Prepaid expenses	693	624
Deferred tax assets	1,112	1,142
Other	531	1,408
Allowance for doubtful accounts	(123)	(121)
Total current assets	39,315	57,747
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,201	5,712
Accumulated depreciation	(3,729)	(3,669)
Buildings and structures, net	2,472	2,042
Machinery and equipment	11,659	11,917
Accumulated depreciation	(7,181)	(8,409)
Machinery and equipment, net	4,478	3,507
Tools, furniture and fixtures	3,271	3,298
Accumulated depreciation	(2,108)	(2,365)
Tools, furniture and fixtures, net	1,163	932
Other, net	51	5
Total property, plant and equipment	8,164	6,488
Intangible assets		
Leasehold right	5,011	5,011
Software	2,167	2,150
Other	50	50
Total intangible assets	7,229	7,212
Investments and other assets		
Investment securities	7,371	8,627
Lease and guarantee deposits	786	829
Deferred tax assets	539	393
Other	67	185
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	8,742	10,013
Total non-current assets	24,137	23,714
Total assets	63,452	81,461

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	10,521	23,298
Accounts payable - other	1,579	702
Accrued expenses	2,988	3,548
Income taxes payable	1,485	1,508
Provision for bonuses	67	66
Other	390	823
Total current liabilities	17,032	29,947
Non-current liabilities		
Net defined benefit liability	1,620	1,656
Other	153	125
Total non-current liabilities	1,773	1,782
Total liabilities	18,806	31,730
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	2,738	2,738
Retained earnings	39,629	44,540
Treasury shares	(3,081)	(3,081)
Total shareholders' equity	44,287	49,197
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	508	611
Deferred gains or losses on hedges	(149)	(78)
Total accumulated other comprehensive income	359	533
Total net assets	44,646	49,731
Total liabilities and net assets	63,452	81,461

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

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	75,296	78,253
Cost of sales	40,811	42,491
Gross profit	34,484	35,762
Selling, general and administrative expenses	25,404	25,620
Operating profit	9,080	10,141
Non-operating income		
Interest income	17	14
Foreign exchange gains	108	—
Share of profit of entities accounted for using equity method	234	341
Other	83	83
Total non-operating income	443	439
Non-operating expenses		
Foreign exchange losses	—	297
Other	7	0
Total non-operating expenses	7	298
Ordinary profit	9,516	10,282
Extraordinary income		
Gain on sales of non-current assets	—	0
Total extraordinary income	—	0
Extraordinary losses		
Loss on retirement of non-current assets	33	521
Loss on sales of non-current assets	1	—
Loss on valuation of investment securities	4	0
Loss on valuation of golf club membership	8	—
Total extraordinary losses	47	521
Profit before income taxes	9,469	9,761
Income taxes - current	3,184	2,923
Income taxes - deferred	(423)	37
Total income taxes	2,761	2,961
Profit	6,707	6,800
Profit attributable to owners of parent	6,707	6,800

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	6,707	6,800
Other comprehensive income		
Valuation difference on available-for-sale securities	(138)	102
Deferred gains or losses on hedges	(606)	22
Share of other comprehensive income of entities accounted for using equity method	(16)	48
Total other comprehensive income	(761)	174
Comprehensive income	5,946	6,974
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,946	6,974

Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(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	34,652	(3,080)	39,310
Changes of items during period					
Dividends of surplus			(1,619)		(1,619)
Profit attributable to owners of parent			6,707		6,707
Change of scope of consolidation			(110)		(110)
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	4,977	(0)	4,976
Balance at end of current period	5,000	2,738	39,629	(3,081)	44,287

	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	646	473	1,120	40,430
Changes of items during period				
Dividends of surplus				(1,619)
Profit attributable to owners of parent				6,707
Change of scope of consolidation				(110)
Purchase of treasury shares				(0)
Net changes of items other than shareholders' equity	(138)	(623)	(761)	(761)
Total changes of items during period	(138)	(623)	(761)	4,215
Balance at end of current period	508	(149)	359	44,646

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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	9,469	9,761
Depreciation	3,185	3,510
Increase (decrease) in allowance for doubtful accounts	(97)	(2)
Increase (decrease) in provision for bonuses	9	(1)
Increase (decrease) in net defined benefit liability	112	36
Interest and dividend income	(57)	(54)
Foreign exchange losses (gains)	134	13
Share of (profit) loss of entities accounted for using equity method	(134)	(241)
Loss on retirement of non-current assets	33	521
Loss (gain) on sales of non-current assets	1	(0)
Loss (gain) on valuation of investment securities	4	0
Loss on valuation of golf club memberships	8	–
Decrease (increase) in notes and accounts receivable - trade	(102)	(454)
Decrease (increase) in inventories	(183)	(9,853)
Increase (decrease) in notes and accounts payable - trade	(2,220)	13,209
Increase (decrease) in accrued consumption taxes	28	(714)
Decrease (increase) in other assets	(90)	(1,248)
Increase (decrease) in other liabilities	(570)	659
Other, net	1	(18)
Subtotal	9,530	15,124
Interest and dividend income received	57	54
Income taxes paid	(4,256)	(2,975)
Net cash provided by (used in) operating activities	5,331	12,202
Cash flows from investing activities		
Payments into time deposits	(1,704)	(2,901)
Proceeds from withdrawal of time deposits	2,263	3,239
Purchase of property, plant and equipment	(2,073)	(1,314)
Proceeds from sales of property, plant and equipment	0	0
Purchase of intangible assets	(1,081)	(757)
Purchase of shares of subsidiaries	–	(795)
Payments for lease and guarantee deposits	(102)	(148)
Proceeds from collection of lease and guarantee deposits	64	135
Other, net	(36)	(0)
Net cash provided by (used in) investing activities	(2,669)	(2,543)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Repayments of finance lease obligations	(76)	(130)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,619)	(1,889)
Net cash provided by (used in) financing activities	(1,696)	(2,020)
Effect of exchange rate change on cash and cash equivalents	10	(8)
Net increase (decrease) in cash and cash equivalents	975	7,630
Cash and cash equivalents at beginning of period	15,521	16,526
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	29	–
Cash and cash equivalents at end of period	16,526	24,157