

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, 2017 (Based on Japanese GAAP)

October 27, 2017

Company name: WOWOW INC.  
 Stock exchange listing: Tokyo  
 Stock code: 4839 URL <http://www.wowow.co.jp>  
 Representative: President Akira Tanaka  
 Inquiries: General Manager Investor Relations, Finance Junichi Onoue TEL 03-4330-8097  
 & Accounting Division  
 Scheduled date to file Quarterly Securities Report: November 14, 2017  
 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, 2017 (from April 1, 2017 to September 30, 2017)

(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, 2017	40,204	2.5	5,824	12.6	6,211	12.3	4,285	12.0
Six months ended September 30, 2016	39,240	5.5	5,173	2.7	5,529	4.5	3,827	8.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2017	158.77	–
Six months ended September 30, 2016	141.81	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	83,302	52,017	62.4
As of March 31, 2017	81,461	49,731	61.0

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	–	0.00	–	80.00	80.00
Year ending March 31, 2018	–	0.00	–	–	–
Year ending March 31, 2018 (Forecast)	–	–	–	80.00	80.00

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
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 six months ended September 30, 2017  
(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, 2017	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 September 30, 2017	1,853,212 shares	As of March 31, 2017	1,853,163 shares
--------------------------	------------------	----------------------	------------------

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

Six months ended September 30, 2017	26,991,227 shares	Six months ended September 30, 2016	26,991,270 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	25,503	21,725
Accounts receivable - trade	4,877	5,440
Merchandise and finished goods	141	206
Broadcasting licenses	24,116	24,500
Supplies	54	50
Deferred tax assets	1,142	1,182
Other	2,032	2,747
Allowance for doubtful accounts	(121)	(181)
Total current assets	57,747	55,671
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,042	1,990
Machinery and equipment, net	3,507	2,936
Tools, furniture and fixtures, net	932	761
Other, net	5	159
Total property, plant and equipment	6,488	5,847
Intangible assets		
Leasehold right	5,011	5,011
Goodwill	–	775
Other	2,201	4,281
Total intangible assets	7,212	10,067
Investments and other assets		
Investment securities	8,627	10,128
Deferred tax assets	393	401
Other	1,014	1,214
Allowance for doubtful accounts	(22)	(29)
Total investments and other assets	10,013	11,715
Total non-current assets	23,714	27,631
Total assets	81,461	83,302

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	23,298	21,059
Income taxes payable	1,508	1,948
Provision for bonuses	66	113
Other	5,074	5,282
Total current liabilities	29,947	28,403
Non-current liabilities		
Net defined benefit liability	1,656	1,766
Other	125	1,114
Total non-current liabilities	1,782	2,880
Total liabilities	31,730	31,284
<b>Net assets</b>		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	2,738	2,738
Retained earnings	44,540	46,666
Treasury shares	(3,081)	(3,081)
Total shareholders' equity	49,197	51,323
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	611	742
Deferred gains or losses on hedges	(78)	(48)
Total accumulated other comprehensive income	533	693
Total net assets	49,731	52,017
<b>Total liabilities and net assets</b>	<b>81,461</b>	<b>83,302</b>

**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, 2016	Six months ended September 30, 2017
Net sales	39,240	40,204
Cost of sales	21,426	21,448
Gross profit	17,814	18,755
Selling, general and administrative expenses	12,641	12,931
Operating profit	5,173	5,824
Non-operating income		
Interest income	6	9
Foreign exchange gains	141	105
Share of profit of entities accounted for using equity method	171	230
Other	37	40
Total non-operating income	356	386
Non-operating expenses		
Other	0	0
Total non-operating expenses	0	0
Ordinary profit	5,529	6,211
Extraordinary income		
Gain on sales of non-current assets	–	2
Total extraordinary income	–	2
Extraordinary losses		
Loss on retirement of non-current assets	24	30
Total extraordinary losses	24	30
Profit before income taxes	5,505	6,183
Income taxes - current	1,679	1,896
Income taxes - deferred	(2)	1
Total income taxes	1,677	1,898
Profit	3,827	4,285
Profit attributable to owners of parent	3,827	4,285

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	3,827	4,285
Other comprehensive income		
Valuation difference on available-for-sale securities	(92)	131
Deferred gains or losses on hedges	(402)	9
Share of other comprehensive income of entities accounted for using equity method	6	20
Total other comprehensive income	(488)	160
Comprehensive income	3,338	4,445
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,338	4,445

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	5,505	6,183
Depreciation	1,664	1,585
Amortization of goodwill	–	33
Increase (decrease) in allowance for doubtful accounts	(21)	55
Increase (decrease) in provision for bonuses	2	(8)
Increase (decrease) in net defined benefit liability	(4)	52
Interest and dividend income	(30)	(36)
Foreign exchange losses (gains)	183	(6)
Share of (profit) loss of entities accounted for using equity method	(71)	(141)
Loss on retirement of non-current assets	24	30
Loss (gain) on sales of non-current assets	–	(2)
Decrease (increase) in notes and accounts receivable - trade	23	(73)
Increase (decrease) in unearned revenue	2	411
Decrease (increase) in inventories	(6,140)	(12)
Increase (decrease) in notes and accounts payable - trade	6,569	(2,843)
Increase (decrease) in accrued consumption taxes	(681)	687
Decrease (increase) in other assets	(1,132)	(664)
Increase (decrease) in other liabilities	(1)	(540)
Other, net	2	4
Subtotal	5,893	4,712
Interest and dividend income received	30	36
Income taxes paid	(1,458)	(1,442)
Net cash provided by (used in) operating activities	4,466	3,306
Cash flows from investing activities		
Payments into time deposits	(1,551)	(1,324)
Proceeds from withdrawal of time deposits	1,547	1,324
Purchase of property, plant and equipment	(344)	(356)
Proceeds from sales of property, plant and equipment	–	2
Purchase of intangible assets	(405)	(357)
Purchase of investment securities	–	(1,192)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(2,982)
Payments of loans receivable	(0)	(200)
Collection of loans receivable	–	220
Payments for lease and guarantee deposits	(64)	(1)
Proceeds from collection of lease and guarantee deposits	9	1
Other, net	0	34
Net cash provided by (used in) investing activities	(809)	(4,829)
Cash flows from financing activities		
Repayments of finance lease obligations	(63)	(102)
Purchase of treasury shares	–	(0)
Cash dividends paid	(1,889)	(2,159)
Net cash provided by (used in) financing activities	(1,953)	(2,262)
Effect of exchange rate change on cash and cash equivalents	(10)	0
Net increase (decrease) in cash and cash equivalents	1,693	(3,784)
Cash and cash equivalents at beginning of period	16,526	24,157
Cash and cash equivalents at end of period	18,219	20,372