

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2018 (Based on Japanese GAAP)

October 31, 2018

Company name: WOWOW INC.
 Stock exchange listing: Tokyo
 Stock code: 4839 URL <https://www.wowow.co.jp>
 Representative: President Akira Tanaka
 Inquiries: Executive Officer General Manager Investor Junichi Onoue TEL 03-4330-8097
 Relations, Finance & Accounting Division
 Scheduled date to file Quarterly Securities Report: November 14, 2018
 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, 2018 (from April 1, 2018 to September 30, 2018)

(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, 2018	40,684	1.2	4,155	(28.7)	4,454	(28.3)	3,064	(28.5)
Six months ended September 30, 2017	40,204	2.5	5,824	12.6	6,211	12.3	4,285	12.0

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2018	113.55	–
Six months ended September 30, 2017	158.77	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	92,307	56,343	61.0
As of March 31, 2018	87,083	54,994	63.2

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, 2018	–	0.00	–	80.00	80.00
Year ending March 31, 2019	–	0.00	–	80.00	80.00
Year ending March 31, 2019 (Forecast)	–	–	–	80.00	80.00

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
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 six months ended September 30, 2018
(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, 2018	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 September 30, 2018	1,853,318 shares	As of March 31, 2018	1,853,318 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2018	26,991,082 shares	Six months ended September 30, 2017	26,991,227 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	13,371	25,435
Accounts receivable - trade	5,787	5,287
Securities	12,000	—
Merchandise and finished goods	36	81
Broadcasting licenses	23,173	28,382
Work in process	12	19
Supplies	31	35
Other	2,525	2,423
Allowance for doubtful accounts	(175)	(149)
Total current assets	56,761	61,515
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,892	4,721
Machinery and equipment, net	2,706	2,378
Tools, furniture and fixtures, net	644	601
Construction in progress	1,870	1
Other, net	67	52
Total property, plant and equipment	7,180	7,755
Intangible assets		
Leasehold right	5,011	5,011
Goodwill	741	707
Other	4,174	4,100
Total intangible assets	9,927	9,819
Investments and other assets		
Investment securities	10,385	10,519
Deferred tax assets	1,859	1,636
Other	1,056	1,087
Allowance for doubtful accounts	(87)	(27)
Total investments and other assets	13,213	13,216
Total non-current assets	30,321	30,791
Total assets	87,083	92,307

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	20,465	26,130
Income taxes payable	2,126	1,492
Provision for bonuses	123	145
Other	6,515	5,278
Total current liabilities	29,231	33,047
Non-current liabilities		
Net defined benefit liability	1,788	2,201
Other	1,068	714
Total non-current liabilities	2,857	2,916
Total liabilities	32,088	35,963
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	2,738	2,738
Retained earnings	49,741	50,647
Treasury shares	(3,081)	(3,081)
Total shareholders' equity	54,398	55,303
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	816	835
Deferred gains or losses on hedges	(219)	204
Total accumulated other comprehensive income	596	1,039
Total net assets	54,994	56,343
Total liabilities and net assets	87,083	92,307

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, 2017	Six months ended September 30, 2018
Net sales	40,204	40,684
Cost of sales	21,448	23,559
Gross profit	18,755	17,125
Selling, general and administrative expenses	12,931	12,969
Operating profit	5,824	4,155
Non-operating income		
Interest income	9	16
Foreign exchange gains	105	190
Share of profit of entities accounted for using equity method	230	38
Other	40	54
Total non-operating income	386	300
Non-operating expenses		
Other	0	1
Total non-operating expenses	0	1
Ordinary profit	6,211	4,454
Extraordinary income		
Gain on sales of non-current assets	2	–
Total extraordinary income	2	–
Extraordinary losses		
Loss on retirement of non-current assets	30	19
Loss on valuation of golf club membership	–	7
Total extraordinary losses	30	26
Profit before income taxes	6,183	4,428
Income taxes - current	1,896	1,424
Income taxes - deferred	1	(61)
Total income taxes	1,898	1,363
Profit	4,285	3,064
Profit attributable to owners of parent	4,285	3,064

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	4,285	3,064
Other comprehensive income		
Valuation difference on available-for-sale securities	131	18
Deferred gains or losses on hedges	9	307
Share of other comprehensive income of entities accounted for using equity method	20	117
Total other comprehensive income	160	443
Comprehensive income	4,445	3,507
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,445	3,507

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	6,183	4,428
Depreciation	1,585	1,245
Amortization of goodwill	33	33
Increase (decrease) in allowance for doubtful accounts	55	(85)
Increase (decrease) in provision for bonuses	(8)	21
Increase (decrease) in net defined benefit liability	52	413
Interest and dividend income	(36)	(43)
Foreign exchange losses (gains)	(6)	(410)
Share of loss (profit) of entities accounted for using equity method	(141)	52
Loss on retirement of non-current assets	30	19
Loss (gain) on sales of non-current assets	(2)	–
Loss on valuation of golf club memberships	–	7
Decrease (increase) in notes and accounts receivable - trade	(73)	501
Increase (decrease) in unearned revenue	411	(308)
Decrease (increase) in inventories	(12)	(5,279)
Increase (decrease) in notes and accounts payable - trade	(2,843)	5,526
Increase (decrease) in accrued consumption taxes	687	(374)
Decrease (increase) in other assets	(664)	308
Increase (decrease) in other liabilities	(540)	(382)
Other, net	4	4
Subtotal	4,712	5,677
Interest and dividend income received	36	43
Income taxes paid	(1,442)	(2,032)
Net cash provided by (used in) operating activities	3,306	3,688
Cash flows from investing activities		
Payments into time deposits	(1,324)	(1,456)
Proceeds from withdrawal of time deposits	1,324	1,454
Purchase of property, plant and equipment	(356)	(1,455)
Proceeds from sales of property, plant and equipment	2	–
Purchase of intangible assets	(357)	(370)
Purchase of investment securities	(1,192)	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,982)	–
Payments of loans receivable	(200)	(0)
Collection of loans receivable	220	0
Payments for lease and guarantee deposits	(1)	(0)
Proceeds from collection of lease and guarantee deposits	1	0
Other, net	34	(0)
Net cash provided by (used in) investing activities	(4,829)	(1,828)
Cash flows from financing activities		
Repayments of finance lease obligations	(102)	(49)
Purchase of treasury shares	(0)	–
Cash dividends paid	(2,159)	(2,159)
Net cash provided by (used in) financing activities	(2,262)	(2,209)
Effect of exchange rate change on cash and cash equivalents	0	315
Net increase (decrease) in cash and cash equivalents	(3,784)	(33)
Cash and cash equivalents at beginning of period	24,157	23,991
Cash and cash equivalents at end of period	20,372	23,958