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Summary of Consolidated Financial Results for the First Quarter of  
Fiscal Year ending September 30, 2016 (Japanese Accounting Standards)

January 29, 2016

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 Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho): February 10, 2016  
 Scheduled date of dividend payment: –  
 Supplementary documents for quarterly results: Yes  
 Quarterly results briefing: Yes (for securities analysts and institutional investors)

(Figures less than one millions of yen are omitted)

1. Consolidated business results for the three months ended December 31, 2015  
(October 1, 2015 – December 31, 2015)

(1) Consolidated operating results (cumulative total) (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of fiscal year ending September 30, 2016	8,547	4.1	1,121	(15.9)	1,117	(15.0)	697	(8.3)
First quarter of fiscal year ended September 30, 2015	8,209	9.5	1,333	46.7	1,315	51.1	761	78.8

(Note) Comprehensive income: Three months ended December 31, 2015: 711 millions of yen (19.1) %  
 Three months ended December 31, 2014: 880 millions of yen 95.2%

	Net income per share	Net income per share/diluted
	Yen	Yen
First quarter of fiscal year ending September 30, 2016	12.25	12.10
First quarter of fiscal year ended September 30, 2015	15.12	14.91

We conducted a 2-for-1 share split which became effective as of April 1, 2015. Net income per share and net income per share diluted are calculated on the assumption that this share split was carried out at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2015	23,884	16,876	68.4
As of September 30, 2015	24,738	16,591	64.8

(Reference) Shareholders' equity: As of December 31, 2015: 16,330 millions of yen  
 As of September 30, 2015: 16,034 millions of yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2015	–	12.00	–	8.00	20.00
Fiscal year ending September 30, 2016	–				
Fiscal year ending September 30, 2016 (forecast)		8.00	–	8.00	16.00

(Note) Revision of dividend forecast for during this period : No

The Company conducted a 2-for-1 common stock split that became effective on April 1, 2015. The dividend per share at the end of the second period of the fiscal year ended September 30, 2015 is calculated based on the number of shares before the stock split, but the year-end dividend per share is calculated based on the number of shares after the stock split.

The dividend per share at the end of the interim period of the fiscal year ended September 30, 2015, 12 yen, is the sum of a common dividend of 10 yen and a dividend of 2 yen in commemoration of the change in the market where the stock is listed.



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## 1. Qualitative information on financial results for the current settlement

### (1) Explanation on operating results

Although sales of smartphones slowed in terms of units, the penetration of smartphones continued to climb thanks to solid replacement demand, among other factors, during the release of new models.

In this environment, the Company aggressively conducted promotions and focused on the acquisition of paying subscribers on smartphones with its own content that has high average revenue per user (ARPU). As a result, the number of paying smartphone subscribers increased to 6.1 million at the end of December 2015 (up 0.1 million from the end of September 2015).

The number of paying subscribers on feature phones continued to decline to 1.84 million at the end of December 2015 (down 0.1 million from the end of September 2015). Despite this, the total number of paying subscribers at the end of December 2015 stood at 7.94 million, remaining flat from the end of September 2015, helped by the efforts of focusing on the expansion of the number of paying smartphone subscribers.

Net sales climbed to ¥8,547 million (up 4.1% year on year), mainly due to the improvement of the average revenue per user (ARPU) in major services as a result of success in acquiring paying smartphone subscribers with a high ARPU. Gross profit also rose to ¥7,184 million (up 4.6% year on year).

Operating income, ordinary income and profit attributable to owners of parent came to ¥1,121 million (down 15.9%), ¥1,117 million (decreasing 15.0%) and ¥697 million (declining 8.3%), respectively, reflecting an increase in selling, general and administrative expenses(SG&A) mainly due to a rise in advertising expenses for acquiring paying smartphone subscribers, despite the increase in gross profit.

### Consolidated business results

(From October 1, 2015 to December 31, 2015)

	First quarter of the fiscal year ending September 30, 2016	First quarter of the fiscal year ended September 30, 2015	Change	
			Amount	Percentage change
	millions of yen	millions of yen	millions of yen	%
Net sales	8,547	8,209	+337	+4.1
Cost of sales	1,362	1,343	+19	+1.4
Gross profit	7,184	6,865	+318	+4.6
SG&A	6,062	5,532	+530	+9.6
Operating income	1,121	1,333	(211)	(15.9)
Ordinary income	1,117	1,315	(197)	(15.0)
Profit attributable to owners of parent	697	761	(63)	(8.3)

### Breakdown of SG&A

(From October 1, 2015 to December 31, 2015)

	First quarter of the fiscal year ending September 30, 2016	First quarter of the fiscal year ended September 30, 2015	Change	
			Amount	Percentage change
	millions of yen	millions of yen	millions of yen	%
Total	6,062	5,532	+530	+9.6
Advertising expenses	2,532	2,021	+511	+25.3
Personnel expenses	1,341	1,374	(32)	(2.4)
Commission fee	954	896	+57	+6.4
Subcontract expenses	374	350	+23	+6.7
Depreciation	298	353	(54)	(15.5)
Other	561	535	+25	+4.8

## (2) Explanation on financial position

### 1) Assets, Liabilities and Net assets

At the end of the first quarter under review, total assets declined ¥853 million from the end of September 2015, to ¥23,884 million.

Current assets decreased ¥1,095 million, mainly due to the fall in cash and deposits and accounts receivable-other. Non-current assets increased ¥242 million, largely as a result of the increase in investment securities, offsetting the decrease in software.

Current liabilities dropped ¥1,166 million, primarily reflecting the decline in income taxes payable and accrued consumption taxes, despite the increase in accounts payable-trade. Non-current liabilities increased ¥28 million, chiefly due to the rise in net defined benefit liability.

Net assets increased ¥284 million, chiefly due to the posting of ¥697 million in profit attributable to owners of parent, even though cash dividends were paid.

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of December 31, 2015	23,884	16,876	68.4
As of September 30, 2015	24,738	16,591	64.8

### (3) Explanation of future forecast information including consolidated forecast

The Company will aim to achieve the consolidated forecast by continuing to focus on the expansion of the number of paying subscribers on smartphones, and will work to increase the average revenue per user (ARPU) from the second quarter.

The Company's strength lies in the fact that it has developed the largest sales channel by far for promoting sales of its own and other companies' content to customers at cellphone shops throughout Japan. Leveraging this strength, it will strive to promote the sales of its own content that generates high ARPU and boost the number of paying subscribers on smartphones.

By responding to their needs, the Company will also work to enhance the lineup of high value-added services to enhance customer satisfaction, and by taking advantage of its strength, it will increase the ratio of customers who subscribe to services that generate high ARPU among paying smartphone subscribers.

With respect to the healthcare-related service business which the Company is undertaking from a medium- to long-term perspective, the Company will implement various strategies to achieve sales growth, given that its future growth potential is large and that it could become a more stock-type business than before by supporting the life stage of customers for a longer term.

Our forecasts for consolidated business results for the first half and the full year of the fiscal year ending September 30, 2016 remain unchanged from the values announced on November 4, 2015.

#### Forecasts for consolidated business results for the first half of fiscal year ending September 30, 2016 (From October 1, 2015 to March 31, 2016)

Consolidated		
Net sales	17,200 millions of yen	(Up 3.5% year on year)
Operating income	2,000 millions of yen	(Down 5.1% year on year)
Ordinary income	1,980 millions of yen	(Down 2.7% year on year)
Profit attributable to owners of parent	1,130 millions of yen	(Up 3.8% year on year)

**Forecast for consolidated business results for the fiscal year ending September 30, 2016  
(From October 1, 2015 to September 30, 2016)**

Consolidated		
Net sales	35,000 millions of yen	(Up 4.6% year on year)
Operating income	4,700 millions of yen	(Up 10.7% year on year)
Ordinary income	4,660 millions of yen	(Up 12.4% year on year)
Profit attributable to owners of parent	2,700 millions of yen	(Up 3.6% year on year)

## **2. Matters relating to summary information (Notes)**

### **(1) Changes in important subsidiaries during the period**

Not applicable.

### **(2) Adoption of specific accounting methods for producing quarterly consolidated financial statements**

Not applicable.

### **(3) Changes in accounting policies, changes in accounting estimates, restatements**

Changes in accounting policy

(Adoption for Accounting Standard for Business combinations)

Effective from the first quarter of the fiscal year under review, the “Accounting Standard for Business Combinations” (ASBJ statement No. 21, September 13, 2013; hereinafter the “Accounting Standard for Business Combinations”), the “Accounting Standard for Consolidated Financial Statements” (ASBJ statement No. 22, September 13, 2013; hereinafter the “Accounting Standard for Consolidated Financial Statements”) and the “Accounting Standard for Business Divestitures” (ASBJ statement No. 7, September 13, 2013; hereinafter the “Accounting Standard for Business Divestitures”) are applied. The purpose of applying these standards was to change the method for recording the difference from changes in the Company’s equity in its subsidiaries that remain controlled by the Company as capital surplus and the expenses related to acquisition as an expense in the consolidated fiscal year in which the expenses are incurred. For business combinations implemented after the beginning of the first quarter of the fiscal year under review, the method will be changed to one that reflects the revision of the distributed amounts of acquisition costs by determining provisional accounting treatment in the quarterly consolidated financial statements for the quarterly consolidated accounting period to which the date of the business combination belongs. In addition, the Company has changed the presentation of net income and other items and the presentation of minority interests to non-controlling interests. To reflect this change, the quarterly consolidated financial statements and the consolidated financial statements for the first quarter of the previous fiscal year and the previous fiscal year have been replaced.

The application of the Accounting Standard for Business Combinations and the other standards follows the transitional treatment specified in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of the Accounting Standard for Business Divestitures. The application of these standards has been underway since the beginning of the first quarter of the fiscal year under review, and will continue to be applied going forward.

This change has no impact on profits and losses.

### 3. Quarterly consolidated financial statements

#### (1) Quarterly consolidated balance sheets

Fiscal year ended September 30, 2015 and the first quarter of fiscal year ending September 30, 2016

(Thousands of yen)

	Previous fiscal year (As of September 30, 2015)	Current fiscal year (As of December 31, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	11,608,562	11,196,675
Notes and accounts receivable-trade	6,885,765	6,870,950
Deferred tax assets	358,149	214,953
Other	1,430,037	914,412
Allowance for doubtful accounts	(71,095)	(81,229)
Total current assets	20,211,420	19,115,761
Noncurrent assets		
Property, plant and equipment	146,488	146,532
Intangible assets		
Software	2,254,746	2,114,582
Goodwill	336	—
Other	22,168	24,060
Total intangible assets	2,277,251	2,138,643
Investments and other assets		
Investment securities	796,241	1,045,777
Lease and guarantee deposits	501,636	501,279
Deferred tax assets	792,649	926,678
Other	30,145	27,839
Allowance for doubtful accounts	(17,589)	(17,589)
Total investment and other assets	2,103,083	2,483,985
Total noncurrent assets	4,526,824	4,769,160
Total assets	24,738,244	23,884,922



(Thousands of yen)

	Previous fiscal year (As of September 30, 2015)	Current fiscal year (As of December 31, 2015)
<b>Liabilities</b>		
Current liabilities		
Account payable-trade	1,179,484	1,369,531
Current portion of long-term loans payable	518,679	518,206
Accounts payable-other	2,571,997	2,403,056
Income taxes payable	1,354,619	464,764
Provision for bonuses	—	148,008
Allowance for coin usage	234,836	228,924
Other	1,334,097	894,713
Total current liabilities	7,193,715	6,027,203
Noncurrent liabilities		
Long-term loans payable	79,925	75,736
Net defined benefit liability	832,740	867,490
Negative goodwill	40,541	38,261
Other	141	141
Total noncurrent liabilities	953,349	981,629
Total liabilities	8,147,064	7,008,833
Net assets		
Shareholders' equity		
Capital stock	4,947,984	4,957,342
Capital surplus	5,469,051	5,478,410
Retained earning	6,300,484	6,542,697
Treasury stock	(695,491)	(695,491)
Total shareholders' equity	16,022,029	16,282,959
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	83,691	114,719
Foreign currency translation adjustment	(7,837)	(7,195)
Remeasurements of defined benefit plans	(62,969)	(60,320)
Total accumulated other comprehensive income	12,884	47,202
Subscription rights to shares	127,100	133,702
Non-controlling interests	429,165	412,224
Total net assets	16,591,180	16,876,089
Total liabilities and net assets	24,738,244	23,884,922

**(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income**

**Quarterly consolidated statements of income**

For the first quarter of the fiscal year ended September 30, 2015 and fiscal year ending September 30, 2016

(Thousands of yen)

	First quarter of the previous fiscal year (from October 1, 2014 to December 31, 2014)	First quarter of the current fiscal year (from October 1, 2015 to December 31, 2015)
Net sales	8,209,168	8,547,153
Cost of sales	1,343,629	1,362,805
Gross profits	6,865,539	7,184,348
Selling, general and administrative expenses	5,532,205	6,062,458
Operating income	1,333,333	1,121,889
Non-operating income		
Interest income	18	8
Dividend income	2,196	2,237
Amortization of negative goodwill	2,279	2,279
Foreign exchange gains	—	3,170
Gain on reversal of subscription rights to shares	3,866	—
Insurance income	5,000	—
Other	6,908	2,240
Total non-operating income	20,269	9,937
Non-operating expenses		
Interest expenses	1,364	1,030
Share of loss of entities accounted for using equity method	21,129	10,052
Other	15,606	3,168
Total non-operating expenses	38,100	14,251
Ordinary income	1,315,502	1,117,575
Extraordinary income		
Extraordinary loss		
Loss on retirement of non-current assets	32,198	9,078
Total extraordinary loss	32,198	9,078
Income before income taxes and minority interests	1,283,304	1,108,497
Income taxes-current	308,935	439,311
Income taxes-deferred	139,005	(6,935)
Total income taxes	447,941	432,375
Net income	835,362	676,121
Profit (loss) attributable to non-controlling interests	74,059	(21,817)
Profit attributable to owners of parent	761,303	697,939

## Quarterly consolidated statements of comprehensive income

For the first quarter of the fiscal year ended September 30, 2015 and fiscal year ending September 30, 2016

(Thousands of yen)

	First quarter of the previous fiscal year (from October 1, 2014 to December 31, 2014)	First quarter of the current fiscal year (from October 1, 2015 to December 31, 2015)
Net income	835,362	676,121
Other comprehensive income		
Valuation difference on available-for-sale securities	26,652	31,070
Foreign currency translation adjustment	13,083	1,874
Remeasurements of defined benefit plans, net of tax	3,055	2,649
Share of other comprehensive income of entities accounted for using equity method	2,407	221
Total other comprehensive income	45,199	35,815
Comprehensive income	880,562	711,937
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	814,013	732,258
Comprehensive income attributable to non-controlling interests	66,548	(20,320)

**(3) Notes concerning quarterly consolidated financial statements**

(Notes concerning going concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.