

Financial Highlights (Consolidated)

	(Millions of yen)				
	2011/09	2012/09	2013/09	2014/09	2015/09
Operating results					
Net sales	32,342	29,382	30,160	30,985	33,461
Cost of sales	7,571	5,665	5,336	4,988	5,439
Gross profit	24,770	23,716	24,824	25,996	28,022
Selling, general and administrative expenses	21,067	22,012	23,675	23,439	23,776
Operating income	3,702	1,704	1,149	2,557	4,245
Ordinary income	3,692	1,697	1,119	2,519	4,144
Net income	1,797	109	516	1,337	2,607
Financial position					
Total assets	15,881	13,971	15,646	16,768	24,738
Net assets	9,670	8,922	8,869	9,722	16,591
Cash flows					
Cash flows from operating activities	2,986	2,682	3,483	3,600	4,587
Cash flows from investing activities	(2,419)	(2,062)	(2,389)	(1,867)	(1,707)
Cash flows from financing activities	(619)	(1,167)	(414)	(375)	3,921
Per share information ^{*1}					
Net income per share (yen)	33.62	2.11	10.25	26.63	48.52
Net assets per share (yen)	177.44	167.17	167.32	184.49	281.48
Cash dividend per share (yen)	10.0	10.0	6.25	8.5	14.0
Financial performance indicators					
Gross profit ratio (%)	76.6	80.7	82.3	83.9	83.7
Operating income ratio (%)	11.4	5.8	3.8	8.3	12.7
Ordinary income ratio (%)	11.4	5.8	3.7	8.1	12.4
Net income ratio (%)	5.6	0.4	1.7	4.3	7.8
Return on equity (ROE) (%) ^{*2}	20.4	1.2	6.1	15.1	20.6
Return on assets (ROA) (%) ^{*3}	23.8	11.4	7.6	15.5	20.0
Shareholders' equity ratio (%)	59.7	61.9	53.7	55.4	64.8
Equity ratio based on market value (%) ^{*4}	84.1	69.5	73.0	161.0	188.6
Ratio of cash flows to interest-bearing liabilities (%)	12.1	6.0	16.6	13.9	13.0
Dividend payout ratio (%) ^{*5}	29.7	474.5	61.0	31.9	28.9
Total payout ratio (%) ^{*6}	29.7	835.7	118.4	32.0	30.5
Interest coverage ratio (times) ^{*7}	219.0	273.6	570.6	616.6	1,414.4
Business data					
Number of paying subscribers for smartphones (millions of people)	73	313	476	540	600
Total number of paying subscribers (millions of people)	894	813	804	786	794
Other information					
Number of employees at year-end (people)	699	815	785	783	795

^{*1} The Company conducted a 100-for-1 common stock split that became effective as of April 1, 2013.

The Company conducted a 2-for-1 common stock split that became effective as of April 1, 2014.

The Company conducted a 2-for-1 common stock split that became effective as of April 1, 2015.

The figures of net income per share stated take the said stock splits into account.

^{*2} ROE = Net income / Average shareholders' equity x 100

^{*3} ROA = Ordinary income / Average total assets x 100

^{*4} Equity ratio based on market value = Market capitalization / Total assets

^{*5} Dividend payout ratio = Cash dividend per share / net income per share x 100

^{*6} Total payout ratio = (Total dividend payment + Total share buybacks) / Net income x 100

^{*7} Interest coverage ratio = Net cash provided by operating activities / Interest payments

Financial Overview (Consolidated)

Operating results

Net sales and gross profit

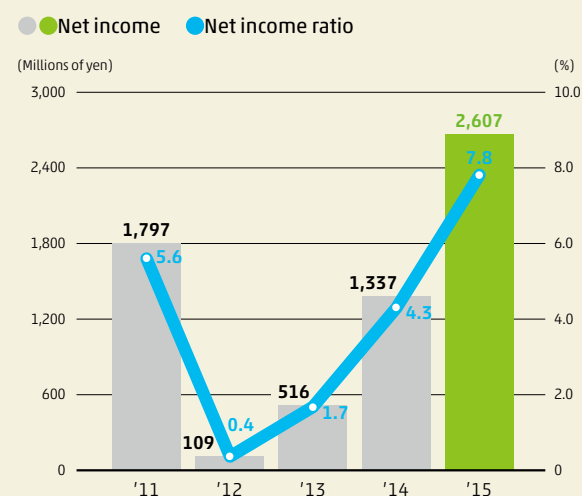
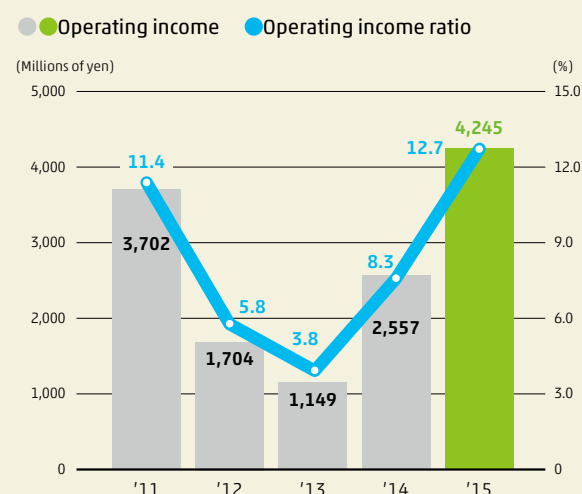
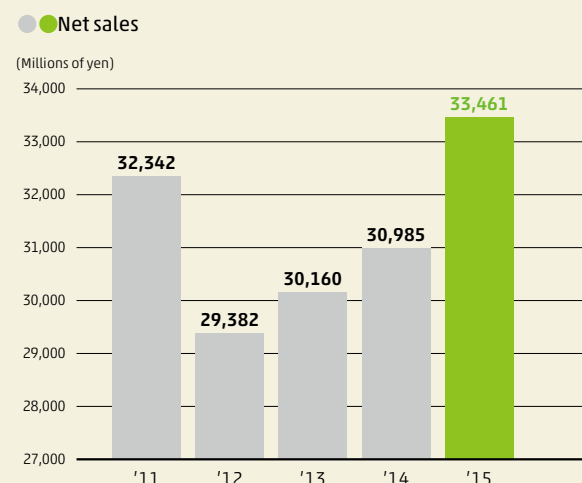
Net sales climbed to ¥33,461 million (up 8.0% year on year), mainly due to the improvement of average revenue per user (ARPU) in mainstay services, as well as an expansion in sales of the unmetered plan with flat-rate monthly charges for cellphone carriers. Gross profit also rose to ¥28,022 million (up 7.8% year on year).

Operating income and ordinary income

Operating income came to ¥4,245 million (up 66.0%) and ordinary income was ¥4,144 million (increasing 64.5%), reflecting the effective and appropriate control of selling, general and administrative expenses, in addition to the increase in gross profit.

Net income

Net income also rose to ¥2,607 million (climbing 94.9%), reflecting the increase in ordinary income and the posting of extraordinary income associated with gains from the sale of investment securities, thereby offsetting the posting of extraordinary loss pertaining to the amortization of goodwill and the increase in income taxes.



Financial position

At the end of the fiscal year under review, total assets rose ¥7,969 million from the end of September 2014, to ¥24,738 million.

Assets

Current assets rose ¥8,028 million, reflecting the increase in cash and deposits, accounts receivable-other, and notes and accounts receivable-trade, while non-current assets fell ¥58 million yen, chiefly due to the decrease in deferred tax assets, although there was an increase in software.

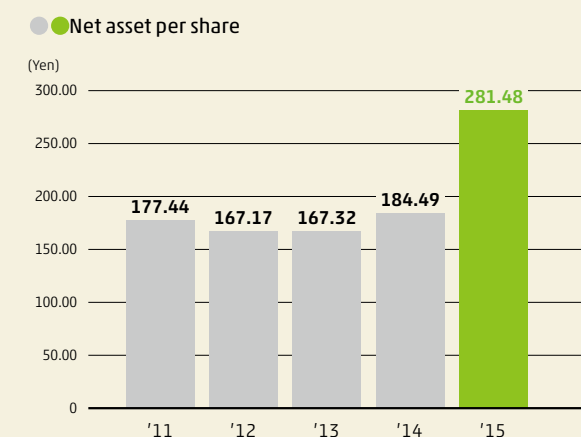
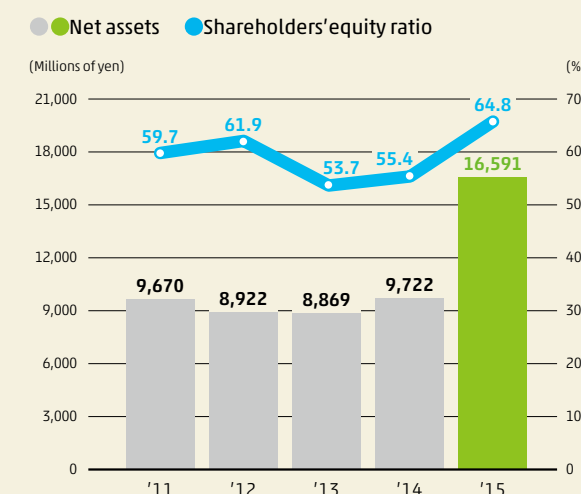
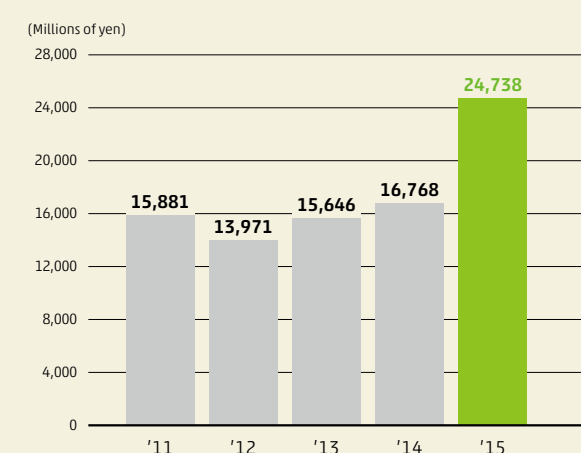
Liabilities

Current liabilities increased ¥1,466 million, largely due to increases in income taxes payable and the current portion of long-term loans payable, while non-current liabilities declined ¥364 million, mainly reflecting the decrease in long-term loans payable.

Net assets

Net assets climbed ¥6,868 million due to the implementation of a public offering for capital increase and the posting of ¥2,607 million in net income, even though cash dividends were paid.

Total assets



Financial Overview (Consolidated)

Cash flows

At the end of the fiscal year under review, cash and cash equivalents were ¥11,608 million, representing an increase of ¥6,825 million from the end of September 2014. Cash flows by activities and principal factors in the fiscal year under review were as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥4,587 million (inflow of ¥3,600 million for the previous fiscal year). This is mainly a reflection of income before income taxes and minority interests and depreciation, thereby offsetting the increase in notes and accounts receivable-trade and income taxes paid.

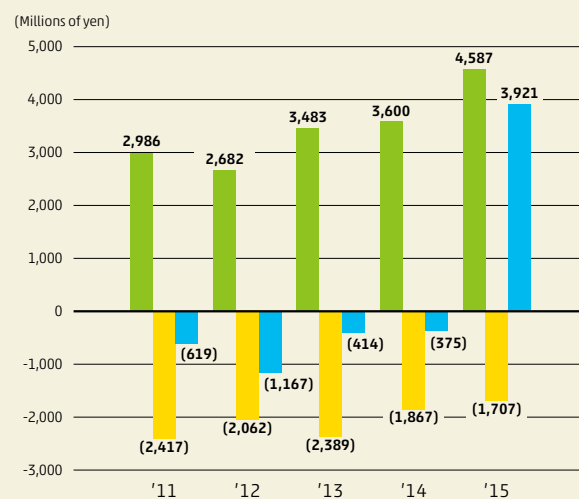
Cash flows from investing activities

Net cash used in investing activities stood at ¥1,707 million (outflow of ¥1,867 million for the previous fiscal year). Principal factors included the purchase of intangible assets (mainly software).

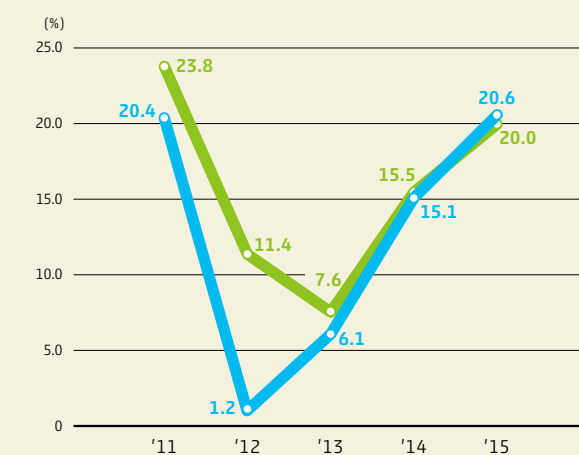
Cash flows from financing activities

Net cash provided by financing activities came to ¥3,921 million (outflow of ¥375 million for the previous fiscal year). Principal factors included proceeds from issuance of common stock, which offset the payment of cash dividends.

- Cash flows from operating activities
- Cash flows from investing activities
- Cash flows from financing activities



- Return on equity (ROE)
- Return on assets (ROA)



Consolidated Balance Sheet

(Thousands of yen)		
	FY2014 As of September 30, 2014	FY2015 As of September 30, 2015
Assets		
Current assets		
Cash and deposits	4,782,677	11,608,562
Notes and accounts receivable-trade	6,294,778	6,885,765
Advance payments-trade	139,778	101,422
Prepaid expenses	470,832	349,083
Accounts receivable-other	65,902	841,190
Income taxes receivable	38,554	—
Deferred tax assets	378,136	358,149
Other	121,194	138,341
Allowance for doubtful accounts	(108,691)	(71,095)
Total current assets	12,183,163	20,211,420
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	321,505	331,197
Accumulated depreciation	(221,131)	(239,325)
Facilities attached to buildings, net	100,373	91,871
Tools, furniture and fixtures	267,290	303,237
Accumulated depreciation	(224,631)	(248,620)
Tools, furniture and fixtures, net	42,658	54,617
Total property, plant and equipment	143,032	146,488
Intangible assets		
Software	2,150,300	2,254,746
Goodwill	2,355	336
Other	25,034	22,168
Total intangible assets	2,177,690	2,277,251
Investments and other assets		
Investment securities	813,082	796,241
Lease and guarantee deposits	489,586	501,636
Deferred tax assets	883,432	792,649
Other	99,694	30,145
Allowance for doubtful accounts	(21,317)	(17,589)
Total investments and other assets	2,264,478	2,103,083
Total non-current assets	4,585,200	4,526,824
Total assets	16,768,363	24,738,244

(Thousands of yen)		
	FY2014 As of September 30, 2014	FY2015 As of September 30, 2015
Liabilities		
Current liabilities		
Accounts payable-trade	976,524	1,179,484
Current portion of Long-term loans payable	—	518,679
Accounts payable-other	2,317,692	2,571,997
Accrued expenses	442,983	448,157
Income taxes payable	674,912	1,354,619
Accrued consumption taxes	321,253	368,952
Deferred tax liabilities	2,391	—
Allowance for coin usage	277,447	234,836
Provision for directors' bonuses	29,894	29,673
Other	684,324	487,313
Total current liabilities	5,727,424	7,193,715
Non-current liabilities		
Long-term loans payable	500,000	79,925
Net defined benefit liability	768,368	832,740
Negative goodwill	49,659	40,541
Other	141	141
Total non-current liabilities	1,318,168	953,349
Total liabilities	7,045,593	8,147,064
Net assets		
Shareholders' equity		
Capital stock	2,596,342	4,947,984
Capital surplus	3,111,863	5,469,051
Retained earnings	4,305,998	6,300,484
Treasury shares	(695,491)	(695,491)
Total shareholders' equity	9,318,712	16,022,029
Total other comprehensive income		
Valuation difference on available-for-sale securities	74,198	83,691
Foreign currency translation adjustment	(31,735)	(7,837)
Remeasurements of defined benefit plans	(69,979)	(62,969)
Total other comprehensive income	(27,516)	12,884
Subscription rights to shares	206,905	127,100
Minority interests	224,667	429,165
Total net assets	9,722,770	16,591,180
Total liabilities and net assets	16,768,363	24,738,244

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated statement of income

(Thousands of yen)

	FY2014 (From October 1, 2013 to September 30, 2014)	FY2015 (From October 1, 2014 to September 30, 2015)
Net sales	30,985,078	33,461,440
Cost of sales	4,988,462	5,439,149
Gross profit	25,996,616	28,022,291
Selling, general and administrative expenses	23,439,513	23,776,605
Operating income	2,557,102	4,245,685
Non-operating income		
Interest income	261	257
Dividends income	4,559	6,060
Amortization of negative goodwill	10,533	9,117
Compensation income	7,416	12,118
Subsidy income	378	8,983
Other	8,868	19,718
Total non-operating income	32,017	56,255
Non-operating expenses		
Interest expenses	8,784	4,689
Share of loss of entities accounted for using equity method	53,104	95,780
Share issuance cost	—	24,815
Foreign exchange losses	2,783	8,477
Other	5,016	23,912
Total non-operating expenses	69,688	157,674
Ordinary income	2,519,431	4,144,266
Extraordinary income		
Gain on step acquisitions	—	33,509
Gain on sales of non-current assets	—	15,011
Gain on sales of investment securities	—	734,287
Gain on sales of shares of subsidiaries and associates	38,550	7,106
Gain on reversal of subscription rights to shares	48,047	17,705
Total extraordinary income	86,598	807,621
Extraordinary losses		
Loss on sales of non-current assets	—	5,183
Impairment loss	73,784	142,579
Loss on retirement of non-current assets	109,558	74,287
Loss on sales of investment securities	1,087	—
Loss on valuation of investment securities	137,756	39,999
Amortization of goodwill	52,391	227,551
Settlement package	—	15,147
Other	1,566	—
Total extraordinary losses	376,144	504,750
Income before income taxes	2,229,885	4,447,136
Income taxes-current	878,625	1,673,359
Income taxes-deferred	29,505	78,974
Total income taxes	908,131	1,752,334
Income before minority interests	1,321,753	2,694,801
Minority interests in net income (loss)	(16,085)	87,370
Net income	1,337,838	2,607,431

Consolidated statement of comprehensive income

(Thousands of yen)

	FY2014 (From October 1, 2013 to September 30, 2014)	FY2015 (From October 1, 2014 to September 30, 2015)
Income before minority interests	1,321,753	2,694,801
Other comprehensive income		
Valuation difference on available-for-sale securities	33,764	9,450
Foreign currency translation adjustment	(62,455)	15,067
Remeasurements of defined benefit plans	—	7,010
Share of other comprehensive income of associate accounted for using equity method	739	1,957
Total other comprehensive income	(27,951)	33,484
Comprehensive income	1,293,801	2,728,286
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,317,717	2,647,831
Comprehensive income attributable to minority shareholders	(23,915)	80,454

Consolidated Statement of Changes in Equity

(Thousands of yen)

	FY2014 (From October 1, 2013 to September 30, 2014)	FY2015 (From October 1, 2014 to September 30, 2015)
Shareholders' equity		
Capital stock		
Balance at beginning of current period	2,562,740	2,596,342
Restated balance	2,562,740	2,596,342
Issuance of new shares exercise (Exercising share point)	33,602	2,351,641
Total changes of items during period	33,602	2,351,641
Balance at end of current period	2,596,342	4,947,984
Capital surplus		
Balance at beginning of current period	3,078,260	3,111,863
Restated balance	3,078,260	3,111,863
Issuance of new shares exercise (Exercising share point)	33,602	2,351,641
Other	—	5,547
Total changes of items during period	33,602	2,357,188
Balance at end of current period	3,111,863	5,469,051
Retained earnings		
Balance at beginning of current period	3,393,859	4,305,998
Cumulative effects of changes in accounting policies	—	39,723
Restated balance	3,393,859	4,345,721
Dividends from surplus	(439,410)	(641,261)
Net income	1,337,838	2,607,431
Changes in scope of consolidation	13,709	(11,406)
Total changes of items during period	912,138	1,954,763
Balance at end of current period	4,305,998	6,300,484
Treasury shares		
Balance at beginning of current period	(695,269)	(695,491)
Restated balance	(695,269)	(695,491)
Purchase of treasury stock	(222)	—
Total changes of items during period	(222)	—
Balance at end of current period	(695,491)	(695,491)
Total shareholders' equity		
Balance at beginning of current period	8,339,591	9,318,712
Cumulative effects of changes in accounting policies	—	39,723
Restated balance	8,339,591	9,358,436
Issuance of new shares exercise (Exercising share point)	67,205	4,703,282
Dividends from surplus	(439,410)	(641,261)
Net income	1,337,838	2,607,431
Purchase of treasury stock	(222)	—
Changes in scope of consolidation	13,709	(11,406)
Other	—	5,547
Total changes of items during period	979,121	6,663,593
Balance at end of current period	9,318,712	16,022,029

(Thousands of yen)

	FY2014 (From October 1, 2013 to September 30, 2014)	FY2015 (From October 1, 2014 to September 30, 2015)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at beginning of current period	40,434	74,198
Restated balance	40,434	74,198
Net changes of items other than shareholders' equity	33,764	9,492
Total changes of items during period	33,764	9,492
Balance at end of current period	74,198	83,691
Foreign currency translation adjustment		
Balance at beginning of current period	22,150	(31,735)
Restated balance	22,150	(31,735)
Net changes of items other than shareholders' equity	(53,885)	23,897
Total changes of items during period	(53,885)	23,897
Balance at end of current period	(31,735)	(7,837)
Remeasurements of defined benefit plans		
Balance at beginning of current period	—	(69,979)
Restated balance	—	(69,979)
Net changes of items other than shareholders' equity	(69,979)	7,010
Total changes of items during period	(69,979)	7,010
Balance at end of current period	(69,979)	(62,969)
Total accumulated other comprehensive income		
Balance at beginning of current period	62,584	(27,516)
Restated balance	62,584	(27,516)
Net changes of items other than shareholders' equity	(90,100)	40,400
Total changes of items during period	(90,100)	40,400
Balance at end of current period	(27,516)	12,884
Subscription rights to shares		
Balance at beginning of current period	227,004	206,905
Restated balance	227,004	206,905
Net changes of items other than shareholders' equity	(20,098)	(79,805)
Total changes of items during period	(20,098)	(79,805)
Balance at end of current period	206,905	127,100
Minority interests		
Balance at beginning of current period	239,830	224,667
Restated balance	239,830	224,667
Net changes of items other than shareholders' equity	(15,162)	204,497
Total changes of items during period	(15,162)	204,497
Balance at end of current period	224,667	429,165
Total net assets		
Balance at beginning of current period	8,869,010	9,722,770
Cumulative effects of changes in accounting policies	—	39,723
Restated balance	8,869,010	9,762,493
Issuance of new shares-exercise (Exercising share point)	67,205	4,703,282
Dividends from surplus	(439,410)	(641,261)
Net income	1,337,838	2,607,431
Purchase of treasury stock	(222)	—
Changes in scope of consolidation	13,709	(11,406)
Other	—	5,547
Net changes of items other than shareholders' equity	(125,361)	165,093
Total changes of items during period	853,760	6,828,686
Balance at end of current period	9,722,770	16,591,180

Consolidated Statement of Cash Flows

(Thousands of yen)

	FY2014 (From October 1, 2013 to September 30, 2014)	FY2015 (From October 1, 2014 to September 30, 2015)
Cash flows from operating activities		
Income before income taxes	2,229,885	4,447,136
Depreciation	1,740,416	1,348,744
Impairment loss	73,784	142,579
Amortization of goodwill	134,664	286,973
Amortization of negative goodwill	(10,533)	(9,117)
Increase (decrease) allowance for doubtful accounts	(51,173)	(42,221)
Increase (decrease) allowance for coin usage	(105,443)	(42,611)
Increase (decrease) in provision for retirement benefits	(509,636)	—
Increase (decrease) in net defined benefit liability	659,637	122,687
Interest and dividend income	(4,821)	(6,318)
Interest expenses	8,784	4,689
Loss (gain) on step acquisitions	—	(33,509)
Shares of (profit) loss of entities accounted for using equity method	53,104	95,780
Share issuance cost	—	24,815
Settlement package	—	15,147
Loss on retirement of non-current assets	109,558	74,287
Loss (gain) on sales of non-current assets	—	(9,827)
Loss (gain) on valuation of investment securities	137,756	39,999
Loss (gain) on sales of investment securities	1,087	(734,287)
Loss (gain) on sales of shares of subsidiaries and affiliates	(38,550)	(7,106)
Gain on reversal of subscription rights to shares	(48,047)	(17,705)
Decrease (increase) in notes and accounts receivable-trade	85,581	(604,616)
Decrease (increase) in advance payments	38,504	38,356
Decrease (increase) in prepaid expenses	(191,844)	122,376
Decrease (increase) in accounts receivable-other	70,049	(775,180)
Increase (decrease) in notes and accounts payable-trade	34,720	202,106
Increase (decrease) in accounts payable-other	(22,818)	206,900
Increase (decrease) in accrued expenses	83,644	5,887
Increase (decrease) in accrued consumption taxes	238,070	52,376
Other, net	(220,527)	609,039
Subtotal	4,495,851	5,557,383
Interest and dividend income received	4,821	6,318
Interest expenses paid	(5,839)	(3,243)
Income taxes (paid) refund	(894,253)	(973,267)
Net cash provided by (used in) operating activities	3,600,579	4,587,190
Cash flows from investing activities		
Purchase of property, plant and equipment	(17,873)	(34,741)
Proceeds from sales property, plant and equipment	405	66
Purchase of intangible assets	(1,677,283)	(1,394,157)
Purchase of investment securities	(140,781)	(106,690)
Proceeds from sales of investment securities	15,675	—
Purchase of shares of subsidiaries and associates	—	(60,867)
Proceeds from sales of shares of subsidiaries and associates	1,950	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(68,933)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	26,899	987
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(48,265)	(21,998)
Proceeds from collection of lease and guarantee deposits	2,993	511
Other, net	(30,860)	(21,516)
Net cash provided by (used in) investing activities	(1,867,140)	(1,707,341)
Cash flows from financing activities		
Repayments of long-term loans payable	—	(7,762)
Proceeds from long-term loans payable	99,440	—
Redemption of bonds	(81,520)	—
Proceeds from issuance of common shares	45,993	4,581,722
Purchase of treasury shares	(222)	—
Cash dividends paid	(439,410)	(641,261)
Other, net	—	(11,000)
Net cash provided by (used in) financing activities	(375,717)	3,921,698
Effect of exchange rate change on cash and cash equivalents	8,736	24,337
Net increase (decrease) in cash and cash equivalents	1,366,457	6,825,885
Cash and cash equivalents at beginning of period	3,416,219	4,782,677
Cash and cash equivalents at end of period	4,782,677	11,608,562