



Summary of Consolidated Financial Statements for the Third Quarter, FY2017

July 31, 2017

Exchange: First Section of Tokyo Stock Exchange

Name of listed company: GMO Payment Gateway, Inc.
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 Scheduled submission date of quarterly report August 10, 2017 Scheduled date of commencement for dividend payment -
 Supplemental materials prepared for financial results Yes
 Information meeting arranged related to financial results Yes (for institutional investors and analysts)

(Amounts rounded down to the nearest one million yen)

1. Consolidated Financial Statements for the Third Quarter, FY2017 (Cumulative) (From October 1, 2016 to June 30, 2017)

(1) Consolidated Financial Statements (Percentages denote the increase or decrease from the previous period)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q FY2017	15,708	78.1	3,937	33.3	3,753	27.6	1,513	(16.3)
3Q FY2016	8,820	37.2	2,953	28.4	2,941	26.9	1,809	24.4

(Note) Comprehensive income: 3Q FY2017: 1,862 million yen (18.8%) 3Q FY2016: 1,567 million yen (2.9%)

	Net profit per share	Diluted net profit per share
	Yen	Yen
3Q FY2017	40.74	—
3Q FY2016	48.70	48.70

(Note) In order to appropriately disclose net income per share, stock attributed to the directors' remuneration board incentive plan trust is not included in treasury stock since it has the right to a claim of dividend.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
3Q FY2017	75,680	19,932	25.0	510.01
FY2016	54,771	19,108	33.2	488.88

Reference: Equity: 3Q FY2017: 18,945 million yen FY2016: 18,160 million yen

2. Dividends

	Yearly dividends				
	1Q	2Q	3Q	Fiscal Year end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2016	0.00	0.00	0.00	27.00	27.00
FY 2017	0.00	0.00	0.00		
FY 2017 (forecast)				37.00	37.00

(Note) Revision of the most recently released dividend forecast: No

3. Consolidated Financial Forecast for the Fiscal Year Ending September 2017 (From October 1, 2016 to September 30, 2017)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	20,370	68.2	5,013	31.2	4,673	23.6	2,762	(5.1)	74.35

(Note) Revision of the most recently released financial forecast: No

Notices:

- (1) Changes of important subsidiaries during the period (change of specific subsidiaries that lead to a change in the scope of consolidation): No
Number of new subsidiaries: - (Name:), number of excluded subsidiaries: - (Name:)
- (2) Application of special accounting procedures for the execution of the financial statements: No
- (3) Changes in the accounting policy / changes in the accounting estimation / restatement of corrections
 - [1] Changes associated with the revision of accounting policy, etc.: No
 - [2] Changes other than [1]: No
 - [3] Changes in accounting estimations: No
 - [4] Restatement of corrections: No

(4) Number of shares issued (common stock)

[1] Number of shares issued at the end of the term (including treasury stock)	3Q FY2017: 37,150,500	FY 2016: 37,150,500
[2] Number of treasury stocks at the end of the term	3Q FY2017: 2,500	FY 2016: 2,500
[3] Average number of shares	3Q FY2017: 37,148,000	3Q FY2016: 37,146,153

(Note) In order to appropriately disclose the number of treasury shares at the end of the term and average number of shares, stock attributed to the directors' remuneration board incentive plan trust is not included in treasury stock since it has the right to a claim of dividend.

* These quarterly financial statements are not subject to the quarterly review procedures.

* Explanation of the proper use of financial forecasts and other important notes

1. The above forecasts are outlooks based on information currently available, and include various uncertain factors. Actual performance may differ substantially from the forecasts due to changes in business conditions and other factors. For the assumption on which financial forecasts are based and matters to be considered in using financial forecasts, please refer to“(3) Review of consolidated earnings forecasts and other forecasts” under “1. Qualitative Information on Consolidated Financial Statements for the Quarter” on page 5 of the attachment.

2. Results Presentation for Investors and Analysts: August 1, 2017. Supporting materials and a video of the presentation will be made available on the company's website after the event.

Table of contents of attachment

1. Qualitative Information on Consolidated Financial Statements for the Quarter	2
(1) Qualitative information on consolidated operating results	2
(2) Qualitative information on the consolidated financial condition	5
(3) Review of consolidated earnings forecasts and other forecasts	6
(4) Challenges to be addressed by the Company	6
2. Items concerning summary information (Notes)	7
(1) Changes of important subsidiaries	7
(2) Application of special accounting procedures for the execution of the financial statements	7
(3) Changes in the accounting policy/ changes in the accounting estimation / restatement of corrections	7
(4) Additional information	7
3. Consolidated quarterly financial statements	8
(1) Consolidated quarterly balance sheet	8
(2) Consolidated quarterly statements of income and consolidated quarterly statement of comprehensive income	10
(3) Consolidated statements of cash flows	12
(4) Notes to consolidated quarterly financial statement	14
(Notes regarding the Going Concern Assumption)	14
(Notes for the consolidated quarterly profit and loss statement)	14
(Notes in cases of extreme variation in the amount of shareholders' equity)	14

1. Qualitative Information on Consolidated Financial Statements for the Quarter

(1) Qualitative information on consolidated operating results

Regarding the economic environment in Japan during the period under review, corporate earnings, employment, and income environments are trending toward improvement, supported by the economic and fiscal policy of the government and the monetary easing measures by the Bank of Japan. However, the pace of economic recovery still remains moderate due to uncertainties, with sharp fluctuations in financial and capital markets caused by the transition to the new administration in the United States and the United Kingdom leaving the EU.

In regard to E-commerce, GMO Payment Gateway's core business area, the B to C e-commerce market continues to grow strongly, thanks to favorable changes in the external environment such as broader use of smartphones as well as reforms in logistics. The scope of Ecommerce itself is also growing as seen in the new areas such as B to B and C to C Ecommerce. In addition, the transition to online payments is steadily proceeding outside of the Ecommerce field, including non-merchandizing services, public dues such as utility bills and taxes, and fields which are closely linked to living such as medical care.

Meanwhile, performance has been strong in credit card shopping within the card-present market, a principal market of GMO Financial Gate Co., Ltd., which became a consolidated subsidiary in the previous consolidated fiscal year. As the 2020 Tokyo Olympics and Paralympics draw closer, a transition to more cashless payments including means other than credit cards is expected. We expect this to create new business opportunities, expanding the business domain of our group even further.

With regard to overseas business, we established entities in South East Asia to provide "Z.com Payment," a comprehensive solution of necessary payment methods, to Japanese merchants which entered the local market. Also, we have continued investment activities through "GMO Global Payment Fund" to form capital alliances with prospective payment processing companies; in fact, local payment processing companies in which we invest have performed steadily. In the previous consolidated fiscal year, we acquired a substantial stake in Macro Kiosk Berhad, a leading Malaysian enterprise mobility solution enabler which offers complete services of mobile payment, authentication and notification. With a view to incorporating the huge growth potential of South East Asia, the center of global growth, into the Group's mid-to-long-term business growth, we will continue to introduce new measures while driving synergetic effects within the group.

Under such circumstances, the group's operating results for the consolidated cumulative third quarter of the current consolidated fiscal year were as follows. We have generated a revenue of 15,708,082 thousand yen (increase of 78.1% on a year-on-year basis) from an increase in transaction volume and value as well as expansion of payment processing services by winning large-scale businesses. Other major factors for the revenue growth include winning of large-scale merchants by our consolidated subsidiary GMO Payment Services Inc. as well as business expansion of Macro Kiosk Berhad that started being included in the consolidated profit and loss statement from the second quarter of this fiscal year. Looking at operating expenses in terms of cost of revenue, despite the advantages of economies of scale we gained from our revenue growth, revenue cost ratio rose due to strong performance in high revenue cost ratio products in "GMO-PG Remittance Service", "GMO payment after delivery" service, and payment terminal sales in GMO Financial Gate, Inc. As a result, cost of revenue amounted to 4,746,395 thousand yen (increase of 137.6% on a year-on-year basis). Selling, general and administrative expenses came to 7,024,270 thousand yen (increase of 81.5% on a year-on-year basis) due to the increase of revenue cost from MSB expansion and an increase in personnel expenses. Operating profit grew 33.3% on a year-on-year basis to 3,937,416 thousand yen.

Equity method investment loss of 254,029 thousand yen resulted in ordinary profit of 3,753,726 thousand yen (increase of 27.6% on a year-on-year basis.)

For extraordinary loss, we have recognized loss on changes in equity of 186,598 thousand yen, in accordance with changes in our stake of our equity affiliates. With regards to income taxes, temporary differences have increased with the business expansion of GMO Payment Service Inc. However, we have decided not to recognize deferred tax asset on these temporary differences since it is difficult to reasonably estimate future taxable income at the the end of this cumulative third quarter, which resulted in higher tax burden ratio from income taxes. Consequently, the net profit for this quarter attributable to owners of parent company has become 1,513,324 thousand yen (decrease of 16.3% on a year-on-year basis)

② Results by segment

Performance by reportable segment is explained below.

From the second quarter of the current fiscal year, business segment categorization methodology has changed, and several business segments previously included in “Other” have been aggregated as “Payment Enhancement Business,” and were added on as a reporting segment. And Macro Kiosk Berhad, which started being included in the consolidated profit and loss statement from the second quarter of this fiscal year, is included in Payment Enhancement Business category.

Segment	First nine months of the previous consolidated fiscal year (From October 1, 2015 to June 30, 2016)	First nine months of the current consolidated fiscal year (From October 1, 2016 to June 30, 2017)	Rate of change (%)
Payment Processing Business			
Revenue (thousand yen)	6,361,261	8,798,189	38.3
Operating profit (thousand yen)	3,845,844	5,078,217	32.0
Money Service Business			
Revenue (thousand yen)	1,554,482	4,104,506	164.0
Operating profit (thousand yen)	159,923	(22,289)	—
Payment Enhancement Business			
Revenue (thousand yen)	904,670	2,805,386	210.1
Operating profit (thousand yen)	124,217	444,647	258.0
Adjustments			
Revenue (thousand yen)	(217)	-	-
Operating profit (thousand yen)	(1,176,636)	(1,563,158)	-
Total			
Revenue (thousand yen)	8,820,198	15,708,082	78.1
Operating profit (thousand yen)	2,953,348	3,937,416	33.3

a. Payment Processing Business

In the Payment Processing Business, online payments grew steadily, thanks to growth of Ecommerce market and its arena expansion, as well as receiving system development order from major companies.

In the field of recurring payments, we have continued to attempt to develop this field to enable the use of credit cards for paying utility charges, taxes, public dues and other monthly services closely connected with everyday life. We provide payment methods to various public institutions and local governments nationwide. Examples include Tokyo Metropolitan Government credit card payment site for metropolitan tax; and National Tax Agency’s credit card payment site for national tax.

The number of the merchants during the current consolidated cumulative third quarter increased by 11,169 to 88,425 compared to the end of the previous consolidated fiscal year. The number and amount of processed payments steadily increased.

Changes in number of operating stores

	End of September 2013	End of September 2014	End of September 2015	End of September 2016	End of June 2017
Number of operating stores	44,328	49,725	59,559	77,256	88,425

Note: Number of operating stores is the number of IDs assigned to each store to use the service. It shows the number of stores (merchants) which have an agreement with the Group, are connected to the system, and in principle are able to process payments at any time, though the number does not include the stores which use non-payment processing services such as GMO Payment after delivery service or Online advertising service nor the number of operating terminals provided by GMO Financial Gate, Inc.

Regarding the card-present market business, payment processing services provided by GMO Financial Gate, Inc. showed strong performance. GMO Financial Gate, Inc. became a consolidated subsidiary in the previous consolidated fiscal year, and contributed to earnings growth in the third quarter of the current consolidated cumulative period.

Revenue came to 8,798,189 thousand yen (increase of 38.3% on a year-on-year basis) and profit for the segment (operating profit) was 5,078,217 thousand yen (increase of 32.0% on year-on-year basis).

b. Money Service Business

Money Service Business (MSB) includes “early payment service” to help set up payment cycles that cater to the needs of merchants and improve their cash flow, “transaction lending service” to provide loans that give merchants the funding they need to boost sales, and “GMO-PG Remittance Service”. In addition, our subsidiary GMO Payment Service, Inc. provides “GMO Payment after delivery” service that allows user to pay after receiving goods. The highly-demanded “GMO Payment after delivery” service has been adopted by an increasing number of merchants and has performed favorably since its introduction in May 2013.

Revenue was 4,104,506 thousand yen (increase of 164.0% on a year-on-year basis) and loss for the segment (operating loss) was 22,289 thousand yen (segment (operating profit) was 159,923 thousand yen on the previous year) due to the increase of sales cost related to growth of the MSB.

c. Payment Enhancement Business

Payment Enhancement Business includes collective services of mobile payment, authentication and notification provided by Macro Kiosk Berhad, Online Advertising Service to boost merchant sales, SSL server certifications, and shipping services.

For the consolidated cumulative third quarter, services of Macro Kiosk Berhad and “GMO-PG Online Advertising Service” showed solid growth.

Revenue was 2,805,386 thousand yen (increase of 210.1% on a year-on-year basis) and income for the segment (operating profit) was 444,647 thousand yen (increase of 258.0% on a year-on-year basis).

③ Results by revenue model

Performance by revenue model is explained below.

Starting from the first quarter of this consolidated accounting period, we have changed the segmentation of our revenue models and split “running revenue” into “stock (monthly revenue)” and “fee (transaction processing revenue.)” We have also reviewed items included in each revenue model in the second quarter of this consolidated fiscal year to disclose more accurate management indicators based on reality. In line with this change, part of the commissions received in “GMO payment after delivery,” which is the revenue provided by transaction value times a certain rate, has moved from fee (transaction processing revenue) to spread (merchant acquiring service revenue.) Accordingly, in the comparison below, figures from the same period of the previous fiscal year have been restated to reflect the changes.

Business model	First nine months of the previous consolidated fiscal year (From October 1, 2015 to June 30, 2016)	First nine months of the current consolidated fiscal year (From October 1, 2016 to June 30, 2017)	Rate of change (%)
Initial (thousand yen) (Initial revenue)	454,493	1,038,693	128.5
Stock (thousand yen) (Monthly revenue)	2,140,326	2,711,883	26.7
Fee (thousand yen) (Transaction processing revenue)	2,141,201	4,730,794	120.9
Spread (thousand yen) (Merchant acquiring service revenue)	4,084,176	7,226,711	76.9
Total (thousand yen)	8,820,198	15,708,082	78.1

(2) Qualitative information on the consolidated financial condition

[1] Assets

The balance of total assets at the end of the third quarter of the current consolidated fiscal year was 75,680,610 thousand yen, up 20,909,065 thousand yen as compared with the end of the previous consolidated fiscal year. This increase was mainly due to an increase in cash and deposits (+3,029,222 thousand yen), an increase in advance payments-trade (+5,517,633 thousand yen), an increase in accounts receivable-other (+12,014,178 thousand yen) and an increase in allowance for doubtful accounts of 1,660,565 thousand yen. The main factors for the increase in accounts receivable-other is the increase in transactions for GMO payment after delivery service.

[2] Liabilities

The balance of liabilities at the end of the third quarter of the current consolidated fiscal year was 55,748,123 thousand yen, up 20,084,748 thousand yen as compared with the end of the previous consolidated fiscal year. This increase was mainly caused by an increase in long-term borrowings due within one year of 782,504 thousand yen, an increase in accounts payable-other of 8,813,463 thousand yen, and an increase in deposits received of 6,733,367 thousand yen. It is the increase in "GMO payment after delivery" volume that pushed up accounts-payable-other. Deposits received from merchants in accordance with the merchant acquiring service agreement drove up deposits received.

[3] Net assets

The balance of net assets at the end of the third quarter of the current consolidated fiscal year was 19,932,486 thousand yen, up 824,317 thousand yen as compared with the end of the previous consolidated fiscal year. The increase was mainly caused by profit attributable to owners of parent of 1,513,324 thousand yen, an increase of valuation difference on available-for-sale securities of 80,142 thousand yen, and the increase of foreign currency translation adjustment of 216,849 thousand yen, despite the payment of 1,002,996 thousand yen in dividends.

[4] Cash Flows

At the end of the third quarter of the current consolidated fiscal year, cash and cash equivalents ("Funds") were 28,211,111 thousand yen, up 3,023,575 thousand yen as compared with the balance at the beginning of the period. Cash flows at the end of the cumulative third quarter of the current consolidated fiscal year were as follows.

Net cash provided by (used in) operating activities

Cash provided by operating activities during the cumulative third quarter of the current consolidated fiscal year amounted to 1,542,905 thousand yen (as compared with the inflow of 3,260,157 thousand yen in the same period previous fiscal year). This was mainly due to recording profit before income taxes of 3,485,198 yen, an increase in accounts payable-other of 8,799,634 thousand yen as well as an increase in deposits of 6,733,367 thousand yen, despite the increases in advance payments-trade of 5,517,633 thousand yen and accounts receivable-trade other of 11,854,163 thousand yen.

Net cash provided by (used in) investing activities

Cash used in investment activities totaled 1,404,684 thousand yen (as compared with 2,198,365 thousand yen outflow in the same period previous fiscal year.) This was mainly due to purchase of intangible non-current assets of 780,323 thousand yen and purchase of stocks of subsidiaries and affiliates of 369,329 thousand yen.

Net cash provided by (used in) financing activities

Cash obtained in financing activities totaled 2,863,577 thousand yen (as compared with 639,660 thousand yen outflow in the same period previous fiscal year). This was primarily attributable to an increase of 4,000,000 thousand yen in proceed from long-term borrowings despite the dividend payout of 1,001,161 thousand yen.

(3) Review of consolidated earnings forecasts and other forecasts

For the term ending September 2017, we project a revenue expansion in all segments of payment processing business, Money Service Business, and Payment Enhancement Business. The expected major contributors to the revenue growth are acquisition of major or promising merchants as well as large-scale businesses, provision of value-added services including MSB and “GMO-PG Online Advertising Service,” and consolidation of Macro Kiosk Berhad which became a subsidiary of our group at the end of the previous fiscal year.

Financial results of Macro Kiosk Berhad gets consolidated based on their provisional financial statement as of three months before our closing date, since their account closing falls on December 31. For this reason, income statement of Macro Kiosk has been consolidated starting from the second quarter of this fiscal year ending in September 2017, and we plan to incorporate the results of Macro Kiosk for the nine months of October 1, 2016 to June 30, 2017.

Our consolidated earnings forecast for the Fiscal Year Ending September 2017 revised on May 1, 2017 is as follows.

Revenue 20,370 million yen (increase of 68.2% on a year-on-year basis), operating profit 5,013 million yen (increase of 31.2% on a year-on-year basis), ordinary profit 4,673 million yen (increase of 23.6% on a year-on-year basis), profit attributable to owners of parent 2,762 million yen (decrease of 5.1% on a year-on-year basis).

(4) Challenges to be addressed by our company

There is no material change under the cumulative third quarter of the current fiscal year to “Challenges to be addressed by our company,” within “Summary of Consolidated Financial Statements for the Second Quarter, FY 2017.”

2. Items concerning summary information (Notes)

(1) Changes of important subsidiaries N/A

(2) Application of special accounting procedures for the drafting of financial statements

N/A

(3) Changes in accounting policy / changes or restatements in the accounting estimates

N/A

(4) Additional information

(Application of Guidelines for applying recoverability of deferred tax)

"Guidelines for Applying Recoverability of Deferred Tax Assets" (Business Accounting Principles Guideline No. 26 issued on March 28, 2016)

(Recognition basis for important provisions)

Provision for information security countermeasure

Upon leakage of information from unauthorized accesses, we have recognized estimated amounts in order to provide for expenditures required on sending letters of apology to our customers, handling of inquiries, and investigations into unauthorized accesses as well as information leakage.

3. Consolidated quarterly financial statements

(1) Consolidated quarterly balance sheet

(Unit: Thousand yen)

	Summary of balance sheet at the end of the previous consolidated fiscal year (September 30, 2016)	End of the third quarter of the current consolidated fiscal year (June 30, 2017)
Assets		
Current assets		
Cash and deposits	25,231,522	28,260,745
Accounts receivable-trade	3,924,904	5,884,400
Lease receivables	7,291,439	6,865,312
Merchandise	38,377	70,764
Supplies	972	882
Advance payments-trade	6,388,955	11,906,588
Prepaid expenses	118,723	187,547
Deferred tax assets	300,169	44,488
Short-term loans receivable	515,689	547,514
Accounts receivable-other	1,742,612	13,756,790
Other	323,683	194,821
Allowance for doubtful accounts	(327,887)	(1,988,452)
Total current assets	45,549,162	65,731,403
Noncurrent assets		
Tangible assets		
Buildings, net	83,143	99,004
Tools, furniture and fixtures	122,782	119,992
Other	146,354	170,151
Total tangible assets	352,280	389,148
Intangible assets		
Goodwill	2,271,697	2,203,296
Right of trademark	212	162
Software	1,079,334	1,288,782
Other	346,971	537,353
Total intangible assets	3,698,215	4,029,594
Investments and other assets		
Investment securities	2,251,124	2,300,466
Shares of subsidiaries and affiliates	2,203,234	2,279,461
Investments in other securities of subsidiaries and affiliates	309,174	422,468
Long-term loans receivable from directors and employees	962	592
Claims provable in bankruptcy, claims provable in rehabilitation and other	31,468	46,115
Long-term prepaid expenses	8,285	7,462
Lease and guarantee deposits	231,035	328,531
Deferred tax assets	87,629	112,280
Other	80,437	79,200
Allowance for doubtful accounts	(31,468)	(46,115)
Total investments and other assets	5,171,884	5,530,463
Total noncurrent assets	9,222,381	9,949,206
Total assets	54,771,544	75,680,610

(Unit: Thousand yen)

	Summary of balance sheet at the end of the previous consolidated fiscal year (September 30, 2016)	End of the third quarter of the current consolidated fiscal year (June 30, 2017)
Liabilities		
Current liabilities		
Accounts payable-trade	2,726,492	3,440,576
Short-term borrowings	50,617	28,064
Long-term borrowings due within one year	17,896	800,400
Accounts payable-other	2,784,175	11,597,638
Income taxes payable	901,767	875,375
Accrued consumption taxes	78,482	519,385
Advances received	447,442	421,760
Deposits received	27,634,302	34,367,670
Provision for bonuses	478,808	4,696
Provision for information security countermeasure	—	53,821
Provision for others	125,000	—
Other	85,764	93,088
Total current liabilities	35,330,748	52,202,478
Noncurrent liabilities		
Long-term borrowings	30,150	3,204,487
Provision for directors' remuneration Board Incentive Plan Trust	170,000	197,995
Other	132,476	143,161
Total noncurrent liabilities	332,626	3,545,644
Total liabilities	35,663,374	55,748,123
Net assets		
Shareholders' equity		
Capital stock	4,712,900	4,712,900
Capital surplus	4,964,712	4,933,388
Retained earnings	8,893,549	9,403,877
Treasury stock	(265,236)	(256,269)
Total shareholders' equity	18,305,926	18,793,897
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(48,004)	32,137
Foreign currency translation adjustment	(97,162)	119,686
Total Accumulated other comprehensive income	(145,167)	151,824
Subscription rights to shares	1,066	923
Minority interests	946,344	985,841
Total net assets	19,108,169	19,932,486
Total liabilities and net assets	54,771,544	75,680,610

(2) Consolidated quarterly statements of income and consolidated quarterly statement of comprehensive income

(Consolidated quarterly statements of income)

(Cumulative third quarter of the consolidated fiscal year)

(Unit: Thousand yen)

	First nine months of the previous consolidated fiscal year (From October 1, 2015 to June 30, 2016)	First nine months of the current consolidated fiscal year (From October 1, 2016 to June 30, 2017)
Revenue	8,820,198	15,708,082
Cost of revenue	1,997,568	4,746,395
Gross profit	6,822,630	10,961,687
Selling, general and administrative expenses	3,869,281	7,024,270
Operating profit	2,953,348	3,937,416
Non-operating income		
Interest received	3,620	14,288
Dividends received	6,719	9,977
Equity method investment gain	19,804	—
Gain on investment in partnership	10,857	—
Gain on reversal of dividends payable	933	1,159
Rent received	13,615	930
Commissions received	16,741	15,106
Foreign exchange gain	—	45,614
Other	7,206	8,093
Total non-operating income	79,498	95,169
Non-operating expenses		
Interest paid	2,880	20,842
Equity method investment loss	—	254,029
Loss on investment in partnership	—	1,146
Rent paid	13,369	1,083
Foreign exchange loss	75,105	—
Other	181	1,757
Total non-operating expenses	91,537	278,859
Ordinary profit	2,941,309	3,753,726
Extraordinary profit		
Income from securities sold	—	936
Insurance reimbursement	—	160,000
Gain on liquidation of subsidiary	—	27,225
Total extraordinary profit	—	188,161
Extraordinary loss		
Loss on change in equity	—	186,598
Loss on retirement of noncurrent assets	3,088	45
Information security countermeasure expenses	—	270,046
Loss on disaster	1,797	—
Total extraordinary loss	4,885	456,689
Profit before income taxes	2,936,424	3,485,198
Corporate, inhabitant and enterprise taxes	1,023,742	1,680,206
Income taxes-deferred	103,651	240,487
Total income taxes	1,127,393	1,920,693
Profit before minority interests	1,809,030	1,564,504
Profit attributable to non-controlling interests	—	51,179
Profit attributable to owners of the parent	1,809,030	1,513,324

(Consolidated quarterly statements of comprehensive income)

(Cumulative third quarter of the consolidated fiscal year)

(Unit: Thousand yen)

	First nine months of the previous consolidated fiscal year (From October 1, 2015 to June 30, 2016)	First nine months of the current consolidated fiscal year (From October 1, 2016 to June 30, 2017)
Profit before minority interests	1,809,030	1,564,504
Other comprehensive income		
Other valuation difference on available-for-sale securities	(147,890)	80,142
Foreign currency translation adjustment	(93,331)	68,302
Amount corresponding to the equity holdings of the equity-method affiliates	—	149,899
Total other comprehensive income	(241,222)	298,344
Comprehensive income	1,567,808	1,862,848
(Details)		
Comprehensive income attributable to owners of the parent	1,567,808	1,810,315
Comprehensive income attributable to non-controlling interests	—	52,532

(3) Consolidated statements of cash flows

(Unit: Thousand yen)

	First nine months of the previous consolidated fiscal year (From October 1, 2015 to June 30, 2016)	First nine months of the current consolidated fiscal year (From October 1, 2016 to June 30, 2017)
Net cash provided by (used in) operating activities		
Profit before income taxes	2,936,424	3,485,198
Depreciation	265,976	438,670
Amortization of goodwill	1,950	151,639
Increase and decrease in provision () =decrease	54,649	1,111,722
Interest and dividends received	(10,340)	(24,265)
Foreign exchange gain and loss () =gain	72,433	(15,057)
Interest paid	2,880	20,842
Equity method investment gains and losses () =gain	(19,804)	254,029
Gain and loss on investment in partnership () =gain	(10,857)	1,146
Gain and loss on investment securities sold () =gain	—	(936)
Insurance reimbursement	—	(160,000)
Gain on liquidation of subsidiary () =gain	—	(27,225)
Gain and loss on change in equity () =gain	—	186,598
Loss on retirement of noncurrent assets	3,088	45
Information security countermeasure cost	—	270,046
Loss on disaster	1,797	—
Increase and decrease in accounts receivable () =Increase	(680,263)	(1,774,281)
Increase and decrease in lease receivables () =Increase	(3,710,441)	426,127
Increase and decrease in inventories () =Increase	(2,668)	(32,194)
Increase and decrease in advance payments-trade () =Increase	(3,976,675)	(5,517,633)
Increase and decrease in accounts receivable-other () =Increase	(521,003)	(11,854,163)
Increase and decrease in purchase debts () =decrease	463,169	606,187
Increase and decrease in accounts payable-other () =decrease	913,337	8,799,634
Increase and decrease in deposits received () =decrease	8,756,298	6,733,367
Other	161,399	441,951
Subtotal	4,701,351	3,521,449
Interest and dividends income received	4,371	15,317
Interest expenses paid	(2,880)	(20,500)
Payment for deposit of guaranteed deposit money	(350,000)	(20,000)
Proceeds from returned guaranteed deposits	370,000	—
Payment on information security countermeasure	—	(215,235)
Income taxes paid	(1,462,685)	(1,738,125)
Net cash provided by (used in) operating activities	3,260,157	1,542,905
Net cash provided by (used in) investing activities		
Purchase of property, plants and equipment	(25,320)	(94,061)
Purchase of intangible assets	(467,163)	(780,323)
Purchase of investment securities	(1,525,587)	(27,687)
Proceeds from sales and redemptions of investment securities	—	30,947
Purchase of stocks of subsidiaries and affiliates	(124,950)	(369,329)
Purchase of other stocks of subsidiaries and affiliates	—	(125,000)
Gain from liquidation of subsidiary	—	27,225
Distributions from an investment partnership	30,328	23,640
Payment on leasehold deposits	(1,225)	(67,774)
Other	(84,447)	(22,320)
Net cash provided by (used in) investing activities	(2,198,365)	(1,404,684)

(Unit: Thousand yen)

	First nine months of the previous consolidated fiscal year (From October 1, 2015 to June 30, 2016)	First nine months of the current consolidated fiscal year (From October 1, 2016 to June 30, 2017)
Net cash provided by (used in) financing activities		
Net increase or decrease in short-term borrowings () =decrease	—	(7,741)
Proceeds from long-term borrowings	—	4,000,000
Repayment of long-term borrowings	—	(50,023)
Proceeds from issuance of common stock	2,749	250
Dividends paid	(599,259)	(1,001,161)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(6,076)	(26,960)
Other	(37,073)	(50,785)
Net cash provided by (used in) financing activities	(639,660)	2,863,577
Translation differences of cash and cash equivalents	(85,573)	21,776
Increase and decrease in cash and cash equivalents () =decrease	336,558	3,023,575
Balance of cash and cash equivalents at the beginning of the period	30,113,605	25,187,536
Cash and cash equivalents at the end of period	30,450,163	28,211,111

(4) Notes for the consolidated quarterly financial statement

(Notes regarding the Going Concern Assumption)

N/A

(Notes for the consolidated quarterly profit and loss statement)

Information security countermeasure cost

We found there were unauthorized external access to the payment site of consignment merchants, Tokyo Metropolitan Government credit card payment site for metropolitan tax and credit card payment site for group life insurance rider of Japan Housing Finance Agency which led to information leakage.

From this, we recognized information security countermeasure cost of 270,046 thousand yen (18,409 thousand yen on expenditures for information security countermeasure and 251,637 thousand yen on provision for information security countermeasure) as an extraordinary expense, as payments required for sending letters of apology to our customers, handling of inquiries and investigations into unauthorized accesses as well as information leakage under the second quarter of the current fiscal year. Although there is no additional extraordinary expense recognition for the third quarter, 197,815 thousand yen out of the 251,637 thousand yen (provision for information security countermeasure) has turned into actual debt. Therefore, we have reported 270,046 thousand yen of information security countermeasure cost (information security countermeasure cost of 216,224 thousand yen, and provision for information security countermeasure of 53,821 thousand yen) as extraordinary expense for the cumulative third quarter.

Also, for this incident, we received insurance reimbursement of 160,000 thousand yen.

With regards to those costs, while there are possibilities that the amount may vary going forward due to discovery of new facts or occurrence of additional measures, a reasonable estimation as of now has been carried out.

In addition, we will be recognizing occurrence of expenditures relating to reissuance of credit cards and fraudulent uses of credit cards when we receive bills from operating bodies of the above two websites, which they will be doing when various credit card issuers bill the said expenditures to those operating bodies. Therefore while the likelihood of occurrences of those expenditures is considerably high, we cannot directly ascertain the status of such occurrences. We are working closely together with various credit card companies, but occurrence of the said expenditures has not been recognized at the end of the cumulative third quarter of this consolidated fiscal year, and as we are also unable to reasonably estimate the probability of future occurrence, we have not recognized expenditures relating to credit card reissuance and fraudulent use of credit cards in the cumulative third quarter of this consolidated fiscal year. Since those costs are expected to be eligible for insurance reimbursement to a certain extent, their impact on the profit and loss of the company is believed to be negligible even if those are to take place.

(Notes in cases of extreme variation in the amount of shareholders' equity)

N/A