



Summary of Consolidated Financial Statements for the Term Ending September 30, 2015

October 30, 2015

Exchange: First Section of Tokyo Stock Exchange

Name of listed company: GMO Payment Gateway, Inc.
 Stock code: 3769 URL: <http://corp.gmo-pg.com/>
 Representative: Issei Ainoura President & Representative Director
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 Scheduled date for the holding of the ordinary general shareholders' meeting: December 20, 2015 Scheduled date of commencement for dividend payment: December 21, 2015
 Scheduled submission date of securities report: December 21, 2015
 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 Term Ending September 2015 (From October 1, 2014 to September 30, 2015)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2015	9,030	25.3	2,977	20.2	3,000	18.7	1,853	22.3
FY2014	7,205	25.0	2,476	20.9	2,527	23.5	1,515	24.5

(Note) Comprehensive income: FY2015: 1,885 million yen (19.1%) FY2014: 1,583 million yen (28.6%)

	Net income per share	Diluted net income per share	Net income ratio to equity	Ordinary income ratio to total assets	Operating income ratio on net sales
	Yen	Yen	%	%	%
FY 2015	52.60	52.57	16.1	9.0	33.0
FY 2014	43.92	43.87	24.4	11.0	34.4

Reference: Equity in earnings of affiliates: FY 2015: 20 million yen; FY 2014: -15 million yen

(Note)

- 1) In October 1, 2014, our company executed a 2-1 stock split. The values for the FY2014 are calculated on the same base.
- 2) In order to appropriately display the net income per share, in regard to the stock attributed to the directors' remuneration board incentive plan trust, it has the right to a claim of dividend, and is therefore, not included in treasury stock.
- 3) Our company issued 2,587,300 shares of common stock through a third-party allotment with a payment date of June 25, 2015.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2015	41,831	16,186	38.7	435.78
FY2014	24,613	6,815	27.7	197.15

Reference: Equity: FY2015: 16,184 million yen FY2014: 6,808 million yen

(Note)

- 1) In October 1, 2014, our company executed a 2-1 stock split. The values for the FY2014 are calculated on the same base.
- 2) Our company issued 2,587,300 shares of common stock through a third-party allotment with a payment date of June 25, 2015.

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Closing balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
FY 2015	3,709	-1,374	7,398	30,113
FY 2014	3,088	-666	-444	20,349

2. Dividends

	Dividends per share					Amount of dividends (total)	Dividends payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1Q	2Q	3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2014	—	0.00	—	30.00	30.00	518	34.2	8.3
FY 2015	—	0.00	—	18.00	18.00	668	34.2	5.7
FY 2016 (forecast)	—	0.00	—	22.00	22.00		35.0	

(Note) In October 1, 2014, our company executed a 2-1 stock split. The values for the FY2014 does not take this 1:2 stock split into account.

3. Consolidated Financial Forecast for the Fiscal Year Ending September 2016 (From October 1, 2015 to September 30, 2016)

(For the full year, percentages denote an increase or decrease as compared with the previous period. For the first six months of the period under review, they denote an increase or decrease as compared with the second quarter of the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2Q of FY 2016 (cumulative)	5,216	25.3	1,741	17.0	1,742	13.8	1,075	14.7	28.95
Full year	11,413	26.4	3,741	25.7	3,750	25.0	2,335	26.0	62.87

Notices:

- (1) Changes of important subsidiaries during the period (change of specific subsidiaries that lead to a change in the scope of consolidation): No
- (2) 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
- (3) Number of shares issued (common stock)
 - [1] Number of shares issued at the end of the term (including treasury stock)

	FY2015: 37,140,900	FY 2014: 34,538,400
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 - [2] Number of treasury stocks at the end of the term

	FY2015: 2,500	FY 2014: 2,278
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 - [3] Average number of shares

	FY2014: 35,236,836	FY2014: 34,514,576
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 - 1) In October 1, 2014, our company executed a 2-1 stock split. The number of end of the period shares issued, the number of end of the period treasury stock shares, and the average number of shares during the period are calculated on the assumption that the said stock split was implemented at the beginning of the previous fiscal year.
 - 2) In order to appropriately display the number of treasury stocks at the end of the term and average number of shares, in regard to the stock attributed to the directors' remuneration board incentive plan trust, it has the right to a claim of dividend, and is therefore, not included in treasury stock.
 - 3) Our company issued 2,587,300 shares of common stock through a third-party allotment with a payment date of June 25, 2015.

(Reference) Summary of Non-consolidated Statements

Non-consolidated Financial Statements for the Term Ending September 2015 (From October 1, 2014 to September 30, 2015)

(1) Non-consolidated Financial Statements (Percentages denote the increase or decrease from the previous period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2015	6,749	23.7	1,847	25.0	2,213	20.9	1,498	21.5
FY 2014	5,456	23.8	1,478	22.0	1,831	26.6	1,233	29.5

	Net income per share		Diluted net income per share	
	Yen		Yen	
FY 2015	42.53		42.51	
FY 2014	35.74		35.70	

- 1) In October 1, 2014, our company executed a 2-1 stock split. The values for the FY2014 are calculated on the same base.
- 2) In order to appropriately display the net income per share, in regard to the stock attributed to the directors' remuneration board incentive plan trust, it has the right to a claim of dividend, and is therefore, not included in treasury stock.
- 3) Our company issued 2,587,300 shares of common stock through a third-party allotment with a payment date of June 25, 2015.

(2) Non-consolidated Financial Position

	Total assets		Net assets		Equity ratio	Net assets per share
	Million yen		Million yen		%	Yen
FY 2015	32,206		14,461		44.9	389.36
FY 2014	19,206		5,449		28.4	157.72

Reference: Shareholders' equity: FY 2015: 14,460 million yen, FY 2014: 5,447 million yen

- 1) In October 1, 2014, our company executed a 2-1 stock split. The values for the FY2014 are calculated on the same base.
- 2) Our company issued 2,587,300 shares of common stock through a third-party allotment with a payment date of June 25, 2015.

* Display regarding the audit procedure's enforcement situation

This summary of consolidated statements is not subject to the Financial Instruments and Exchange Act's audit procedure, and therefore, at the time of display, the audit procedure regarding the financial statements is not completed.

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

- 1) The above forecasts are outlooks based on the information currently available, and includes various uncertain factors. Actual performance may differ materially from the forecasts due to changes in business conditions and other factors.
- 2) Our company issued 2,587,300 shares of common stock through a third-party allotment with a payment date of June 25, 2015.

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1. Qualitative Information regarding Financial Performance

(1) Analysis of consolidated operating results

(Operating results for the current period)

Regarding the economic environment in Japan during the period under review, although there were some concerns about overseas economic conditions such as the impact of China's economic decline, the economy is gradually on the mend, with the economic and fiscal policy of the government and the monetary easing policy of the Bank of Japan as a background.

In regard to our core business, the BtoC EC market continues to grow thanks to a favorable external environment such as broader use of smartphones as well as reforms in logistics, and e-commerce is also spreading in the market of sales of non-goods items such as services, as seen in new areas such as BtoB EC and CtoC EC. In regard to the credit card field, credit card shopping is steadily growing, and people tend to make more purchases via the Internet. Also, use of credit cards in the field of payment via the internet for everyday living expenses continues to expand, such as payments for rent and medical costs, as well as utility charges and public funds. It is a certainty that opportunities to use credit cards will continue to increase.

Under such circumstances, the group has pressed on with its businesses in order to expand the scale of operations described below.

The Group consists of GMO Payment Gateway, Inc. and its consolidated subsidiaries, GMO Epsilon, Inc. , GMO PAYMENT SERVICE, Inc., GMO PAYMENT GATEWAY PTE. LTD. etc, and provides credit card payment processing services and all related operations as a consolidated subsidiary of GMO Internet, Inc.

The Group offers a broad range of services such as online payment and recurring payment services that respond to our customers' business category, size and payment type. The number of merchants during the current consolidated fiscal year increased by 9,834 to 59,559 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 2011	End of September 2012	End of September 2013	End of September 2014	End of September 2015
Number of operating stores	32,062	38,949	44,328	49,725	59,559

Note: Number of operating stores means 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 are able to process payments at any time in principle.

For online payment field, payment-processing service grew steadily. GMO Epsilon, Inc., our consolidated subsidiary, sells and provides the "Multi-Payment Service" and is contributing to an increase in the number of operating stores and merchants acquiring service revenue. This service provides a package of various payment methods such as credit cards to small-scale companies via its website, on a online basis.

GMO Epsilon's business results grew steadily, and we recorded net sales of 1,865,762,000 yen (an increase of 19.8% year-on-year).

For recurring payment field, we have continued to attempt to develop this field to enable using credit card for paying utility charges, public funds and other monthly services closely connected with everyday life. We provide payment methods to public institutions, such as the Japan Pension Service, and local governments, such as the Tokyo Metropolitan government (TMG). During the period under review, we started to conduct the payment operation in credit card payment for all taxation items for the Tokyo Metropolitan Government and the operation of the "Metropolitan Tax Credit Card Payment Site" (<https://zei.tokyo>) which the TMG has started since April 1, 2015.

Our subsidiary GMO Payment Service Inc. provides a "GMO Payment after delivery" service that allows the user to pay after receiving the goods. The "GMO Payment after delivery" service has been adopted by an increasing number of merchants as a payment service with high level of consumers' needs and has continued to perform favorably since its introduction in May 2013.

As a value-added service making the best of the Group's merchant base, we have made steady efforts to expand services in areas related to the payment-processing business, - "Online Advertising Service", providing SSL server certifications, shipping services and "Money service business (MBS)" such as "early payment services", "GMO-PG Remittance Service" and Transaction Lending service.

During the period under review, we implemented a major renewal for "Early Payment Services" on August 1, 2015.

With regard to overseas business, we established five overseas entities to provide GMO-PG Global Payment solutions to Japanese online businesses with a local presence and targeting local markets in South East Asia.

We have continued to promote funding activities through the “GMO Global Payment Fund” to form capital alliances with prospective payment-related businesses; in addition, the financial results of local payment processing companies in which we invest our fund have performed steadily. With a view to incorporating the huge growth potential of South East Asia, which is the center of global growth, into our Group’s mid-to-long-term business growth, we will continue to introduce new measures while creating a synergistic effect between “GMO-PG Global Payment” and “GMO Global Payment Fund”.

We strengthen our management bases in order to allow for a steady increase in ordinary income by more than 20% in the medium and long term through investments in new business fields, hiring and promoting talented people, reinforcing the settlement network base, further enhancing security. During the period under review, the Board of Directors meeting held on June 9 2015, agreed to form a business and capital partnership with GMO Internet, Inc, Sumitomo Mitsui Financial Group and Sumitomo Mitsui Baking Corporation. At the same time, it was resolved to issue new shares to Sumitomo Mitsui Banking Corporation and parent company GMO Internet, Inc. The business and capital partnership agreement as of June 9 2015 had been concluded and the issuance of new shares through a third-party allotment was completed on June 25 2015.

Consequently, the Group’s operating results for the current consolidated fiscal year were as follows: Net sales amounted to 9,030,892,000 yen (an increase of 25.3% on a year-on-year basis); operating income grew 20.2% on a year-on-year basis to 2,977,270,000 yen; ordinary income amounted to 3,000,455,000 yen (an increase of 18.7% on a year-on-year basis); and net income reached 1,853,449,000 yen (increase of 22.3% on a year-on-year basis). Net sales consisted of an initial revenue of 526,652,000 yen (decrease of 7.1% on a year-on-year basis), running revenue of 4,839,648,000 yen (increase of 21.3% on a year-on-year basis) and merchant acquiring service revenue of 3,664,591,000 yen (increase of 38.4% on a year-on-year basis).

Concerning operating expenses, while the solid performance of “GMO Payment after delivery” service saw a hike in cost of sales, we were able to take advantage of the scale merit of the revenue growth and reduce our burden of parallel operation by completing the transfer of our data center to strengthen our payment processing capacity since September 2014. As a result, cost of sales amounted to 1,919,836,000 yen (a 33.7% increase on a year-on-year basis). Selling, general and administrative expenses came to 4,133,784,000 (a 25.5% increase on a year-on-year basis).

With regard to non-operating income and loss, while non-operating income of 91,961,000 yen has been posted due to reasons such as exchange gains and the occurrence of investment return with the equity method by the enhancement of performance of GMO Financial Gate which is an affiliate accounted for using the equity method, non-operating expense of 68,777,000 yen have been recorded due to reasons including attorney’s fee related to the issuance of new shares for capital increase by way of third-party allotment, resulting in marking a ratio of ordinary profit to net sales of 33.2%.

In an effort to enhancement of collaboration-type business, we have promoted capital and business alliance by obtaining a part of shares of important affiliated stores and important business partners. However, we sold some of the shares due to the fact that some of the business partners were purchased by the listed company. We posted an extraordinary income of 30,766,000 by selling a part of the shares and of 26,196,000 on change in equity.

(Forecasts for the next period)

In regard to our core business, the BtoC EC market continues to grow thanks to a favorable external environment such as broader use of smartphones as well as reforms in logistics, and e-commerce is also spreading in the market of sales of non-goods items such as services, as seen in new areas such as BtoB EC and CtoC EC.

For the term ending September 2016, we expect initial revenue, running revenue and merchant acquiring service revenue to increase steadily. We believe this will be achieved by accelerating the acquisition pace of new merchants, strengthening the development of large-scale merchants through the provision of higher quality services, and increasing revenue per merchant through providing services such as “Online Advertising Service” and “Money service business (MBS)” that increase added value associated with the merchants’ use of the Group.

In regard to costs, we keep forecast for increase in sales cost ratio due to the sales growth of “Online Advertising Service” and “GMO-PG Remittance Service”, which has a high sales-cost ratio. We also forecast investment cost on

the subsidiary companies, overseas businesses, and other investment on new businesses. We expect 25.0% growth in ordinary income and 32.9% ordinary income ratio.

As regards the foreseen joint venture company with Mitsui Sumitomo Bank, we think it would contribute to enhance the mid-term corporate value and shareholders' value of our company, but we expect that, for the term ending September 2016, the costs related to the establishments of the new company would precede.

For the reasons mentioned above, the consolidated financial forecast for the full fiscal year ending September 2016 is as follows.

	FY 2016	Increase or decrease from the same period of the previous year	FY 2015
	Million yen	%	Million yen
Net sales	11,413	26.4	9,030
Operating income	3,741	25.7	2,977
Ordinary income	3,750	25.0	3,000
Net income	2,335	26.0	1,853

* The above forecasts are outlooks based on information currently available, and include various uncertainties. Actual performance may differ from the forecasts due to changes in business conditions and other factors.

(2) Analysis of financial position

① Assets, liabilities and net assets

(Assets)

The balance of total assets at the end of the current consolidated fiscal year was 41,831,736,000 yen, up 17,218,678,000 yen as compared with the end of the previous consolidated fiscal year. This increase was mainly due to an increase of cash and deposits (+9,766,455,000 yen), lease receivables (+2,293,947,000) and advance payments-trade (+1,718,032,000). The increase of cash and deposits was mainly caused by the increase of deposits of merchants, in accordance with the merchant acquiring service agreement, increase in capital stock and in capital surplus.

The deposits of merchants will mostly be paid out on the tenth of the next month, therefore the deposit balance will decrease with receipt of deposits.

(Liabilities)

The balance of liabilities at the end of the current consolidated fiscal year was 25,645,385,000 yen, up 7,847,706,000 yen as compared with the end of the previous consolidated fiscal year. This increase was mainly because of an increase in deposits received of 5,594,448,000 yen, which resulted primarily from the increase in deposits received for merchants in accordance with the merchant acquiring service contract.

(Net assets)

The balance of net assets at the end of the current consolidated fiscal year was 16,186,351,000 yen, up 9,370,971,000 yen as compared with the end of the previous consolidated fiscal year. The increase was mainly attributable to the increase in capital stock (+3,999,965,000) and in capital surplus (+3,999,965,000).

② Cash Flows

At the end of the current consolidated fiscal year, cash and cash equivalents (the "Funds") for the current consolidated fiscal year totaled 30,113,605,000 yen, up 9,764,296,000 yen when compared with the balance at the beginning of the period. Cash flows for the current consolidated fiscal year are as follows.

(Cash flow from operating activities)

The Funds obtained as a result of operating activities for the current consolidated fiscal year were 3,709,772,000 yen (3,088,604,000 yen was obtained for the same period of the previous year). This was mainly due to the recording of net income before income taxes and others of 3,055,268,000 yen and an increase in deposits received of 5,594,448,000 yen after a payment of income taxes of 1,160,226,000 yen, increase in lease receivables (+2,293,947,000) and advance payments-trade (+1,718,032,000).

(Cash flow from investing activities)

The Funds used as a result of investing activities for the current consolidated fiscal year were 1,374,094,000 yen (666,417,000 yen was used for the same period of the previous year). This was mainly due to the investments in other securities of subsidiaries and affiliates of 1,016,185,000 yen and purchase of intangible fixed assets of 377,887,000 yen.

(Cash flow from financing activities)

The Funds used as a result of financing activities totaled 7,398,573,000 yen (444,357,000 yen was used in the corresponding period of the previous fiscal year). This was primarily attributable to the issuance of common stock of 7,958,839,000 yen.

The trend of the Group's cash flow indices is as follows.

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Equity ratio (%)	31.2	33.4	26.4	27.7	38.7
Equity ratio on a market value basis (%)	229.9	163.9	216.2	348.0	408.4
Cash flows to interest bearing liabilities ratio (%)	0.6	5.4	1.8	4.5	3.0
Interest coverage ratio (times)	230.1	121.4	960.3	1,843.7	2,058.7

Notes:

- Method of calculating the abovementioned indices
 Equity ratio: Shareholders' equity ÷ total assets
 Equity ratio on a market value basis: Total market value of shares ÷ total assets
 Cash flows to interest bearing liabilities ratio: interest bearing liabilities ÷ operating cash flows
 Interest coverage ratio: Operating cash flows ÷ interest payments
- Each indices was calculated based on consolidated financial values.
- The total market value of shares was calculated by multiplying the closing share price at the end of the term by the number of shares issued at the end of the term (other than treasury stock)
- As operating cash flows and interest payments, "net cash provided by (used in) operating activities" and "interest expenses paid" recorded in the consolidated statements of cash flows were used.

(3) Basic policy on profit sharing and distribution for the current and next terms

We consider that returning a stable profit to our shareholders is a major mission of our management. Therefore, we accumulate an internal reserve that is necessary for future business development and the enhancement of business quality, and also for continuing to provide a stable return of profit to the shareholders. Thus, we established a basic dividend policy, setting the target dividend payout ratio at "roughly 35% of the consolidated net income" and started to pay term-end dividends in the term that ended September 30, 2006.

The dividend per share is 18.0 yen for the current consolidated fiscal year. For next fiscal year, we plan a yearend dividend of 22.0 yen per share.

In addition, we plan on continuing to effectively use the retained earnings for enhancing business quality and active business development.

2. Business group

(1) Affiliates

The Group consists of the Company and its consolidated subsidiaries, GMO Epsilon, Inc. GMO PAYMENT SERVICE, Inc., GMO PAYMENT GATEWAY PTE. LTD. and provides credit card payment processing services as a consolidated subsidiary of GMO Internet, Inc.

GMO Internet, Inc., the parent Company, provides internet infrastructure, EC business, internet media and internet brokering under the motto “Internet for everybody”

Classification	Name	Details of business	Segment by type of related business
Parent	GMO Internet, Inc.	Comprehensive Internet business	—
Subsidiary	GMO Epsilon, Inc.	Various payment processing services	—
Subsidiary	GMO PAYMENT SERVICE, Inc.,	Payment Later service	—
Subsidiary	GMO PAYMENT GATEWAY PTE. LTD.	The headquarters for global business Global payment processing services	—

(2) Business details

The Group provides companies that sell products on a online basis with a payment processing service and, related to the payment-processing business, the means through which payment processing by credit cards and other methods can be efficiently made.

①Type of service

a. Payment processing service

GMO Payment Gateway, Inc. and GMO Epsilon, Inc. provide companies that sell products on a online basis, including by way of consumer electronic commerce (B-to-C EC), with a payment processing service through which payment processing by credit cards, convenience store payment, prepaid cards, Pay-easy, electronic money, PayPal, Carrier billing, Internet banks and Cash on delivery can be made efficiently.

GMO PAYMENT GATEWAY PTE. LTD., provides payment processing services globally.

b. Related to the payment-processing business

As value-added services making the best of the Group’s merchant base, we made steady efforts to expand services in areas related to the payment-processing business, such as the Online Advertising Service, providing SSL server certifications, shipping services and “Money service business (MBS)” such as “early payment services”, “GMO-PG Remittance Service” and Transaction Lending service, etc.

Our consolidated subsidiary, “GMO PAYMENT SERVICE” launched its Payment Later service.

②Contract types entered into between the merchant and the credit card company

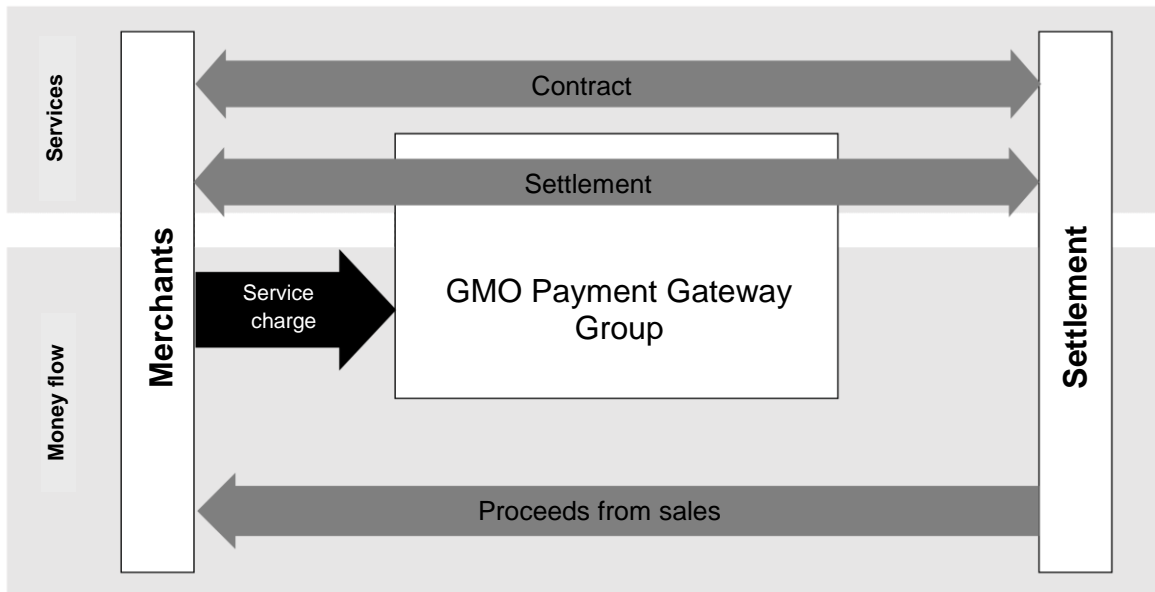
The Group’s business models are classified broadly into two categories depending on the type of contract entered into between merchants and credit card companies, or others.

a. Direct merchant contract

The group provided a payment system and mainly ties up payment information and settlement between merchants and various payment businesses. Merchants make a contract with various payment businesses individually, then, the merchant’s proceeds are paid directly to the merchant by each credit card company.

GMO-PG will receive the service fees below from the merchant:

- Initial introduction costs for the license of connective software to use the system, initial setting, connection test, and support, all of which are received upon introduction of the services: These revenues are recorded as initial revenue.
- Customer support fees, monthly fixed fees, and transaction fees to be charged according to the number of data processing tasks: These revenues are recorded as running revenue.

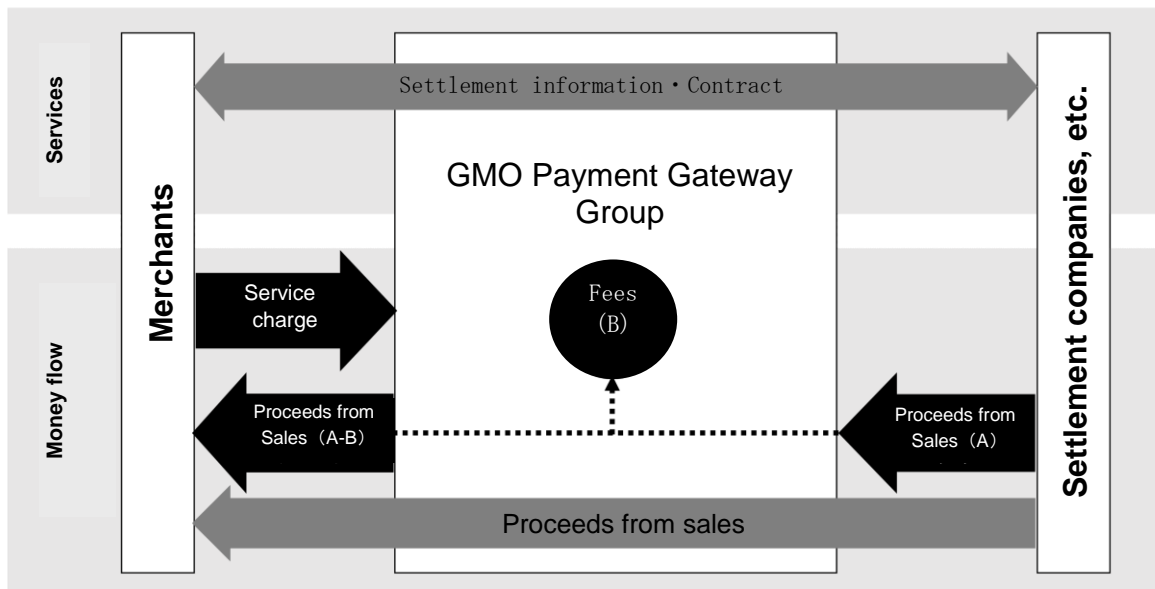


b. The representative merchant contract (merchant acquiring service)

The group provides a payment system and mainly ties up payment information and settlement between the merchant and various payment businesses. The group makes a representative merchant contract (merchant service) that is concluded as a package with several payment companies like credit card companies. Merchant proceeds are paid to the group from each credit card company or other payment company, and are then paid to the merchants by the group in a lump sum.

The group receives the following fees from merchants as a service charge in addition to the fees mentioned in (a) direct merchant contract.

- Fees for proceeds from the merchant acquiring service revenue which are received when paying the proceeds from sales in a lump sum. These revenues are recognized as merchant acquiring service revenue.



c. Payment Later service

GMO PAYMENT SERVICE, Inc., provides “GMO Payment Later service,” which is an after-payment means, to our merchants. In this service, GMO PAYMENT SERVICE, Inc., performs credit examination of consumers and

sends billing statements to them, as a payment service provider. GMO PAYMENT SERVICE, Inc., temporarily pays the merchants proceeds from the sales on behalf of the consumers, and collects payment from consumers. GMO PAYMENT SERVICE, Inc., receives the following as service fees from the merchants.

- A customer support fee, a fixed monthly fee as a management fee, and a fee for the service use (which is posted as running sales)

3. Management policy

(1) Basic management policy of the Company

The management principle of the Group is to “pursue both spiritual and material gains for compeers by contributing to the progress and development of communities.”

- We will contribute to the progress and development of communities through a commitment to creating and cultivating markets, and through business development based on sincerity and equity.
- “Compeers” means executives and employees with creative ideas and mutual respect, our customers, and our partner business operators.
- Executives and employees of the Company will pursue both spiritual and material gains by making the most of their spirit, problem-solving abilities, and high level of professionalism, and by exchanging value with customers.

Based on this management principle, the Group considers that its mission is to become the infrastructure for payment processing in Japan, and to contribute to the realization of payment processing system that is safe and convenient for consumers and companies. As a result, it has promoted its business in accordance with the following basic policies.

- Adaptation to trends
 - Advanced efforts We try to ensure the technical advantage of our products.
 - Flexibility We expeditiously make proposals in the growing market.
- Establishment of existing value
 - Uniqueness We try to ensure the meaning of our existence by providing services from the standpoint of our customers.
 - Profitability We beat our competitors by pursuing improvements in profitability and firmly establishing our position in the industry.
 - Independence and education With the aim of being highly self-contained businesspeople, we set a good example to others in terms of results, attitude and mindset.
- Pursuit of profit conditions
 - Sociality We are committed to developing a sound business, and continue to actively develop unexplored markets for various payment methods.
 - Reasonableness We quickly and fairly make management judgments by always keeping economy and reasonability in mind.
- Responsibilities to shareholders
 - We try to improve shareholder value while being conscious of capital efficiency. We actively conduct IR activities and provide shareholders and investors with information in a timely and appropriate manner.

(2) Target management index and medium-to long-term management strategy

Our group’s main management goal is a 20% growth in ordinary profit.

The operating income for the current consolidated fiscal year increased 20.2%. Due to the making of investments necessary to maintain a yearly growth of 20% in the medium-to long-term, next year’s operating income growth rate is expected to be 25.7%.

The ordinary income growth in this consolidated fiscal year was 18.7% due to the non-operating expenses of stock issue expense. Therefore, we expect 25.0% for the term ending in September 2016.

Our group is shouldering the online commercial transaction market infrastructure, contributing to the creation of a more convenient and secure EC environment and the improvement of Japan’s EC ratio. We also endeavor to expand in new fields by developing new businesses, capital/ business tie-up with partners, founding new subsidiaries, and expanding services globally.

(3) Challenges to be addressed by our company

We put emphasis on the following three challenges to be addressed as a condition for the realization of the measures mentioned above.

① Strengthening the information security

We provides credit card payment processing services, and process and manage important information, such as credit card numbers and other information.

As part of the process to strengthen the risk management system and prevention of information leaks, we obtained certifications of ISO/IEC 27001:2013 (Japanese Standards, JIS Q27001: 2014), the global standards for information security management for all of the business offices of the Company for the first time as a listed payment processing services company. Consequently, the information security management system of the

Company has been objectively determined to be appropriate and safe in compliance with strict international standards.

Further, we are in full compliance with the global security standard in the credit industry “PCIDSS Ver.3.0” which was jointly established by five international credit card companies: JCB; American Express; Discover; MasterCard; and VISA, and the services of the Company satisfy the basic requirements: “construction and maintenance of safe network”; “protection of card member information”; “maintenance program for management of vulnerabilities”; “introduction of firm access control method”; “regular monitoring and testing of network”; and “possession of an information security policy.”

Meanwhile, with respect to the handling of personal information, we obtained the privacy mark that certifies the companies which have improved the system for taking appropriate protection measures for personal information in compliance with the Japanese Industrial Standards “JIS Q 15001 :2006 Personal Information Protection Management System – Requirements.” We have independently established and operate the personal information protection management system at a high level of protection in a manner that goes beyond mere compliance with the laws.

We will endeavor to provide better services by continuing to provide a thorough internal education and monitoring system to establish and improve management measures in accordance with the established security policy, and to make an effort to maintain and improve reliability

Further, in order to prevent computer intrusions by fraudulent means, computer viruses, cyber attacks, etc., we take appropriate countermeasures such as security measures against fraudulent intrusions from outside/inside, 24-hour system monitoring, and preparation and operation of office regulations.

②Strengthening of system development capabilities

We constantly see the appearance of new technologies and new services in communications, including the Internet. The Group is deeply related to the Internet in the business field, and recognizes that to provide customers with competitive products, it is important to adopt technologies and services in a timely manner.

At present, internal personnel respond to changes in the system environment, accept requests from customers and design systems, and we outsource programming to provide efficient high-quality services. We will try to continue to secure highly skilled development personnel and further strengthen system development capabilities and services.

③Strengthening of the collaboration business

We recognize that to ensure stable growth, it is essential to establish business collaborations from which a company with many merchants, as well as ourselves, can benefit, and to promote the efficient acquisition of new merchants.

This form of business is a feature of our strategy, and we will continue to actively promote this kind of business collaboration with companies which have many merchants, payment companies, EC site construction service companies.

4. Consolidated financial statements

(1) Consolidated balance sheet

(Unit: Thousand yen)

	Summary of balance sheet at the end of the previous consolidated fiscal year (September 30, 2014)	Summary of balance sheet at the end of the current consolidated fiscal year (September 30, 2015)
Assets		
Current assets		
Cash and deposits	20,386,175	30,152,630
Accounts receivable-trade	792,588	2,117,007
Lease receivables	—	2,293,947
Merchandise	2,165	1,062
Supplies	531	617
Advance payments-trade	585,395	2,303,428
Prepaid expenses	58,823	67,830
Deferred tax assets	150,097	220,805
Accounts receivable-other	504,077	1,156,824
Other	52,343	341,591
Allowance for doubtful accounts	△56,177	△186,253
Total current assets	22,476,019	38,469,492
Noncurrent assets		
Tangible assets		
Buildings	89,836	113,953
Accumulated depreciation	△32,537	△40,393
Buildings, net	57,298	73,559
Tools, furniture and fixtures	205,616	216,042
Accumulated depreciation	△144,540	△166,668
Tools, furniture and fixtures, net	61,075	49,373
Lease assets	176,284	191,110
Accumulated depreciation	△62,711	△98,545
Lease assets, net	113,573	92,564
Total tangible assets	231,947	215,497
Intangible assets		
Goodwill	30,694	24,707
Lease assets	16,785	12,217
Right of trademark	272	119
Software	661,723	751,499
Other	54,992	146,267
Total intangible assets	764,469	934,811
Investments and other assets		
Investment securities	650,739	1,437,144
Shares of subsidiaries and affiliates	2,507	139,047
Bonds of subsidiaries and affiliates	11,000	—
Investments in other securities of subsidiaries and affiliates	264,442	343,047
Long-term loans receivable from directors and employees	1,910	1,443
Claims provable in bankruptcy, claims provable in rehabilitation and other	12,434	25,545
Long-term prepaid expenses	7,722	2,570
Lease and guarantee deposits	149,210	223,818
Deferred tax assets	51,384	64,863
Allowance for doubtful accounts	△10,729	△25,545
Total investments and other assets	1,140,621	2,211,935
Total noncurrent assets	2,137,039	3,362,243
Total assets	24,613,058	41,831,736

(Unit: Thousand yen)

	Summary of balance sheet at the end of the previous consolidated fiscal year (September 30, 2014)	Summary of balance sheet at the end of the current consolidated fiscal year (September 30, 2015)
Liabilities		
Current liabilities		
Accounts payable-trade	229,278	985,850
Lease obligations	41,747	45,267
Accounts payable-other	692,310	1,911,844
Income taxes payable	644,375	795,544
Accrued consumption taxes	171,628	73,108
Advances received	7,850	48,698
Deposits received	15,589,857	21,184,305
Unearned revenue	1,256	1,573
Provision for bonuses	206,137	337,334
Provision for directors' bonuses	34,840	58,700
Other	5,056	5,959
Total current liabilities	17,624,339	25,448,186
Noncurrent liabilities		
Lease obligations	97,084	67,060
Long-term lease and guarantee deposited	6,254	10,138
Provision for directors' remuneration Board Incentive Plan Trust	70,000	120,000
Total noncurrent liabilities	173,339	197,198
Total liabilities	17,797,678	25,645,385
Net assets		
Shareholders' equity		
Capital stock	708,118	4,711,021
Capital surplus	968,040	4,970,942
Retained earnings	5,315,707	6,651,114
Treasury stock	△264,723	△265,236
Total shareholders' equity	6,727,143	16,067,842
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	64,821	134,960
Foreign currency translation adjustment	16,685	△18,578
Total Accumulated other comprehensive income	81,506	116,382
Subscription rights to shares	3,774	2,126
Minority interests	2,956	—
Total net assets	6,815,379	16,186,351
Total liabilities and net assets	24,613,058	41,831,736

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

(Unit: Thousand yen)

	FY2014 (From October 1, 2013 to September 30, 2014)	FY2015 (From October 1, 2014 to September 30, 2015)
Net sales	7,205,542	9,030,892
Cost of sales	1,436,281	1,919,836
Gross profit	5,769,260	7,111,055
Selling, general and administrative expenses	3,292,851	4,133,784
Operating income	2,476,408	2,977,270
Non-operating income		
Interest income	7,905	7,716
Dividends income	4,263	5,271
Equity income of affiliates	—	20,724
Earnings on investment in silent partnership	—	1,218
Earnings on investment in partnership	21,367	—
Earnings on reversal of dividends payable	770	1,050
Rent income	13,941	13,978
Commissions received	19,118	15,586
Exchange earnings	16,495	22,030
Other	3,641	4,385
Total non-operating income	87,503	91,961
Non-operating expenses		
Interest expenses	1,675	1,802
Equity in losses of affiliates	15,836	—
Loss on investment in silent partnership	4,521	—
Loss on investment in partnership	—	3,541
Rent expenses	13,659	13,674
Stock issue expense	—	45,317
Other	426	4,441
Total non-operating expenses	36,119	68,777
Ordinary income	2,527,793	3,000,455
Extraordinary income		
Income from securities sold	32,357	30,766
Change in equity	—	26,196
Total extraordinary income	32,357	56,962
Extraordinary loss		
Loss on retirement of noncurrent assets	14,330	2,148
Other	5,402	—
Total extraordinary loss	19,732	2,148
Income before income taxes	2,540,417	3,055,268
Corporate, inhabitant and enterprise taxes	1,075,020	1,295,625
Income taxes-deferred	△49,929	△91,075
Total income taxes	1,025,091	1,204,550
Income before minority interests	1,515,326	1,850,718
Minority interest in loss(△)	△462	△2,730
Net income	1,515,788	1,853,449

(Consolidated statements of comprehensive income)

(Unit: Thousand yen)

	FY2014 (From October 1, 2013 to September 30, 2014)	FY2015 (From October 1, 2014 to September 30, 2015)
Income before minority interests	1,515,326	1,850,718
Other comprehensive income		
Other valuation difference on available-for-sale securities	56,852	70,139
Foreign currency translation adjustment	11,162	△35,489
Total other comprehensive income	68,015	34,650
Comprehensive income	1,583,341	1,885,369
(Details)		
Parent company shareholders' comprehensive income	1,583,578	1,888,325
Minority's comprehensive income	△236	△2,956

(3) Consolidated statements of cash flows

(Unit: Thousand yen)

	FY2014 (From October 1, 2013 to September 30, 2014)	FY2015 (From October 1, 2014 to September 30, 2015)
Net cash provided by (used in) operating activities		
Income before income taxes	2,540,417	3,055,268
Depreciation	267,291	291,319
Amortization of goodwill	10,728	5,987
Increase and decrease in provision (Δ decrease)	120,575	349,948
Interest and dividends income	Δ 12,169	Δ 12,987
Interest expenses	1,675	1,802
Foreign exchange gains and losses (Δ gains)	Δ 16,438	Δ 22,255
Equity in gains and losses of affiliates (Δ gains)	15,836	Δ 20,724
Gains and losses on investments in silent partnership (Δ gains)	4,521	Δ 1,218
Gains and losses on investment in partnership (Δ gains)	Δ 21,367	3,541
Gain and loss on investment securities sold (Δ gains)	Δ 32,357	Δ 30,766
Gains and losses on changes in equity (Δ gains)	—	Δ 26,196
Stock issue expense	—	45,317
Loss on retirement of noncurrent assets	14,330	2,148
Increase and decrease in accounts receivable (Δ Increase)	Δ 154,370	Δ 1,337,793
Increase and decrease in lease receivables (Δ gains)	—	Δ 2,293,947
Increase and decrease in inventories (Δ increase)	Δ 1,846	1,135
Increase and decrease in advance payments-trade (Δ increase)	Δ 205,659	Δ 1,718,032
Increase and decrease in accounts receivable-other (Δ increase)	Δ 435,530	Δ 653,421
Increase and decrease in purchase debts (Δ decrease)	78,316	756,183
Increase and decrease in accounts payable-other (Δ decrease)	470,054	1,197,466
Increase and decrease in deposits received (Δ decrease)	1,252,307	5,594,448
Other	93,875	Δ 324,160
Subtotal	3,990,191	4,863,065
Interest and dividends income received	8,240	8,734
Interest expenses paid	Δ 1,675	Δ 1,802
Income taxes paid	Δ 908,152	Δ 1,160,226
Net cash provided by (used in) operating activities	3,088,604	3,709,772
Net cash provided by (used in) investing activities		
Purchase of property, plants and equipment	Δ 13,299	Δ 38,966
Purchase of intangible assets	Δ 294,676	Δ 377,887
Purchase of investment securities	Δ 106,726	Δ 1,016,185
Proceeds from sales or redemption of investment securities	32,241	263,159
Purchase of stocks of subsidiaries and affiliates	—	Δ 63,000
Purchase of other securities of subsidiaries and affiliates	Δ 250,000	Δ 125,000
Distributions from an investment partnership	—	30,092
Payment on leasehold deposits	Δ 8,897	Δ 31,623
Sales of subsidiary shares accompanying changes in the scope of consolidation	Δ 26,899	—
Other	1,840	Δ 14,683
Net cash provided by (used in) investing activities	Δ 666,417	Δ 1,374,094
Net cash provided by (used in) financing activities		

Proceeds from issuance of common stock	17,333	7,958,839
Purchase of treasury stock	—	Δ513
Cash dividends paid	Δ421,129	Δ517,241
Proceeds from stock issuance to minority shareholders	3,192	—
Other	Δ43,754	Δ42,511
Net cash provided by (used in) financing activities	Δ444,357	7,398,573
Translation differences of cash and cash equivalents	13,135	30,044
Increase and decrease in cash and cash equivalents(Δdecrease)	1,990,965	9,764,296
Balance of cash and cash equivalents at the beginning of the period	18,358,343	20,349,309
Cash and cash equivalents at the end of period	20,349,309	30,113,605

(Information by segment)

Sales performance

Sales performance for the current consolidated fiscal year is as follows.

Item	FY2014		FY2015		Increase (decrease)	
	Amount (thousand yen)	Compositi on ratio (%)	Amount (thousand yen)	Compositi on ratio (%)	Amount (thousand yen)	Compositi on ratio (%)
Initial revenue	566,799	7.9	526,652	5.8	Δ40,147	Δ7.1
Running revenue	3,991,284	55.4	4,839,648	53.6	848,363	21.3
Merchant acquiring service revenue	2,647,458	36.7	3,664,591	40.6	1,017,133	38.4
Total	7,205,542	100.0	9,030,892	100.0	1,825,349	25.3

Note: Amounts in this table do not include consumption tax or other taxes.