



## Summary of Consolidated Financial Statements for the First Quarter, FY2017

February 3, 2017

Exchange: First Section of Tokyo Stock Exchange

Name of listed company:	GMO Payment Gateway, Inc.	URL: <a href="http://corp.gmo-pg.com/">http://corp.gmo-pg.com/</a>
Stock code:	3769	
Representative:	Issei Ainoura	President & Representative Director
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Scheduled date of submission of quarterly report	February 13, 2017	Scheduled date of commencement of 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 First Quarter, FY2017 (Cumulative) (From October 1, 2016 to December 31, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q FY2017	4,346	59.1	1,201	37.9	1,109	20.0	597	0.1
1Q FY2016	2,732	39.5	870	20.0	924	22.0	596	25.4

(Note) Comprehensive income: 1Q FY2017: 797 million yen (28.4%) 1Q FY2016: 621 million yen (20.6%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
1Q FY2017	16.08		-	
1Q FY2016	16.07		16.07	

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

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%	Yen		
1Q FY2017	77,883		18,897		23.0	482.79		
FY2016	54,771		19,108		33.2	488.88		

Reference: Equity: 1Q FY2017: 17,934 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				
FY 2017 (forecast)		0.00	0.00	37.00	37.00

(Note) Revision to 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)

	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 2017	8,389	46.4	2,499	33.0	2,351	22.5	1,409	22.3	37.93
Full year	18,767	54.9	5,013	31.2	4,673	23.6	2,762	Δ5.1	74.35

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

Notices:

- (1) Changes of important subsidiaries during the period (change in specified subsidiaries in accordance with changes in the scope of consolidation): No  
New subsidiaries: - (Name:     ), Excluded subsidiaries: - (Name:     )
- (2) Application of special accounting procedures for the execution of the financial statements: No
- (3) Changes in accounting policy / changes or restatements in the accounting estimates
- [1] Changes in accounting policies associated with reforms to accounting standards, etc.: Yes
- [2] Changes in accounting policies other than [1]: No
- [3] Changes in accounting estimates: No
- [4] Restatements: No

- (4) Number of shares issued (common stock)
- [1] Number of shares outstanding at the end of term (including treasury stock) 1Q FY2017: 37,150,500 FY 2016: 37,150,500
- [2] Number of treasury stocks at the end of term 1Q FY2017: 2,500 FY 2016: 2,500
- [3] Average number of shares outstanding 1Q FY2017: 37,148,000 1Q FY2016: 37,142,500
- (Note) In order to appropriately display the number of treasury stocks at the end of the term and average number of shares outstanding, stock attributed to the directors' remuneration board incentive plan trust has the right to a claim of dividend, and is therefore, not included in treasury stock.

- \* Implementation status of quarterly review procedures  
These quarterly financial statements are not subject to the quarterly review procedures of the Financial Instruments and Exchange Act. At the time of disclosure of these quarterly financial statements, the quarterly financial statement review procedures of the Financial Instruments and Exchange Act had not been completed.

- \* Explanation of the proper use of earnings forecasts and other important notes  
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.

Results Presentation for Investors and Analysts was given on February 6, 2017. Supporting materials and a video of the presentation will be made available on the company's website after the event.

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# 1. Qualitative Information on Consolidated Financial Statements for the Quarter

## (1) Qualitative information on consolidated operating results

### ① 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 uncertain situations in the future, with a sharp fluctuation in financial and capital markets influenced by the transition to the new administration in the United States and the issue of the United Kingdom leaving the EU.

In regard to our core business, the B to C e-commerce market continues to grow, thanks to a favorable external environment such as broader use of smartphones as well as reforms in logistics. The scope of e-commerce itself is also growing in the markets for non-tangible items such as services, as seen in the new areas such as B to B and C to C e-commerce. In addition, the transition to online payments outside of the e-commerce field is steadily proceeding, including services other than product sales, 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, that the principal market of GMO Financial Gate Co., Ltd., which became a consolidated subsidiary in the previous consolidated fiscal year. As the Tokyo Olympics and Paralympics in 2020 draw closer, we expect a transition to more cashless payments including means other than credit cards. We expect this to create new business opportunities, expanding the business domain of our group even further.

With regard to overseas business, we established five overseas entities to provide Z.com Payment solutions to Japanese online businesses with local presence in 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 funds have performed steadily. In the previous consolidated fiscal year, we acquired a substantial stake in Macro Kiosk Berhad, the leading complete end to end mobile payment, authentication, notification and enterprise mobility solutions enabler based in Malaysia. 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 "Z.com Payment" and "GMO Global Payment Fund".

Under such circumstances, the group's operating results for the consolidated cumulative first quarter of the current consolidated fiscal year were as follows. The Payment Processing Business steadily grew and the Money Service Business "GMO Payment after delivery" service has continued to perform favorably. Net sales amounted to 4,346,814 thousand yen (increase of 59.1% on a year-on-year basis). Net sales consisted of initial (initial revenue) of 345,545 thousand yen (increase of 143.0% on a year-on-year basis), stock (monthly revenue) of 874,081 thousand yen (increase of 31.7% on a year-on-year basis) and fee (transaction processing revenue) of 1,434,642 thousand yen (increase of 86.0% on a year-on-year basis), spread (merchant acquiring service revenue) of 1,692,544 thousand yen (increase of 46.5% on a year-on-year basis).

Business model	First three months of the previous consolidated fiscal year (From October 1, 2015 to December 31, 2015)	First three months of the current consolidated fiscal year (From October 1, 2016 to December 31, 2016)	Rate of change (%)
Initial (thousand yen) (Initial revenue)	142,188	345,545	143.0
Stock (thousand yen) (Monthly revenue)	663,581	874,081	31.7
Fee (thousand yen) (Transaction processing revenue)	771,471	1,434,642	86.0
Spread (thousand yen) (Merchant acquiring service revenue)	1,155,545	1,692,544	46.5
Total (thousand yen)	2,732,786	4,346,814	59.1

(Note) Starting from the first quarter of this consolidated accounting period, we changed the layout for sales per business model and separated "running revenue" into "stock (monthly revenue)" and "fee (transaction processing revenue)"

Looking at operating expenses in terms of cost of sales, despite the advantages of economies of scale we gained from our revenue growth, sales cost ratio rose due to strong performance in high sales cost ratio products in "GMO-PG remittance

service", "GMO payment after delivery" service, and payment terminals sales in GMO Financial Gate, Inc. cost of sales amounted to 1,109,296 thousand yen (increase of 80.4% on a year-on-year basis). Selling, general and administrative expenses came to 2,036,145 thousand yen (increase of 63.3% on a year-on-year basis) due to the increases of MSB related sales and an increase in personnel expenses. Operating income grew 37.9% on a year-on-year basis to 1,201,372 thousand yen.

With regard to non-operating income and loss, investment loss from the equity method of 104,912,000 yen resulted in ordinary income of 1,109,323 thousand yen (increase of 20.0% on a year-on-year basis).

Profit attributable to owners of parent grew to 597,250 thousand yen (increase of 0.1% on a year-on-year basis).

## ② Results by segment

Performance by reportable segment is explained below. For the income statement of Macro Kiosk Berhad, since it will be included from the second quarter of the consolidated accounting period in September 2017, its business results are not reflected in the consolidated income statement for the first quarter of the current consolidated cumulative period.

Segment	First three months of the previous consolidated fiscal year (From October 1, 2015 to December 31, 2015)	First three months of the current consolidated fiscal year (From October 1, 2016 to December 31, 2016)	Rate of change (%)
Payment Processing Business			
Sales (thousand yen)	2,021,235	2,812,430	39.1
Operating income(thousand yen)	1,167,028	1,465,987	25.6
Money Service Business			
Sales (thousand yen)	428,588	1,189,294	177.5
Operating income(thousand yen)	42,024	178,150	323.9
Others			
Sales (thousand yen)	283,190	345,089	21.9
Operating income(thousand yen)	27,589	42,715	54.8
Adjustments			
Sales (thousand yen)	(227)	-	-
Operating income(thousand yen)	(365,721)	(485,481)	-
Total			
Sales (thousand yen)	2,732,786	4,346,814	59.1
Operating income(thousand yen)	870,919	1,201,372	37.9

### a. Payment Processing Business

In the Payments Processing Business online payments grew steadily, including the B to C, B to B, and C to C e-commerce markets. For the consolidated cumulative first quarter, we and the Bank of Yokohama, Ltd. jointly developed a smartphone payment service ("Hama Pay") which the bank plans to start offering in March 2017.

In the field of recurring payments, we have continued working to attempt to develop this field to enable the use of credit cards for paying utility charges, public dues 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. For the consolidated cumulative first quarter, we also concluded an agreement to create and operate a "credit card payment site for national tax" and handle credit card payments in collaboration with Toyota Finance Corporation, who had been commissioned by the National Tax Agency chief to receive tax payments on its behalf. In the new "online credit card payments of national tax", and it is responsible for creating and operating a. These services were launched on January 4, 2017.

Our number of merchants during the current consolidated cumulative first quarter increased by 4,734 to 81,990 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 December 2016
Number of operating stores	44,328	49,725	59,559	77,256	81,990

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 in principle are able to process payments at any time, though the number of operating stores does not include stores which are using the GMO Payment after delivery service or Online advertising service.

Regarding the card-present market business, payment processing services provided by GMO Financial Gate Co., Ltd., which

became a consolidated subsidiary in the previous consolidated fiscal year, showed strong performance and contributed to earnings growth in the first quarter of the current consolidated cumulative period.

Sales were 2,812,430 thousand yen (increase of 39.1% on a year-on-year basis) and income for the segment (operating income) was 1,465,987 thousand yen (increase of 25.6% on year-on-year basis).

#### b. Money service business

For Money Service Business, 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 that meets a high level of consumer needs and has continued to perform favorably since its introduction in May 2013. We also provide “Money service business (MSB)” such as “early payment services”, Transaction Lending service and “GMO-PG Remittance Service”.

During the consolidated cumulative first quarter, we started offering our deferred payment service “GMO Payment after delivery” for Zozotown in November 2016. Zozotown is the biggest online fashion shopping site in Japan and is operated by Start Today Co., Ltd.

Sales were 1,189,294 thousand yen (increase of 177.5% on a year-on-year basis) and income for the segment (operating income) was 178,150 thousand yen (increase of 323.9% on year-on-year basis).

#### c. Others

Other payment-related services we provide include Online Advertising Service, SSL server certifications, and shipping services.

For the consolidated cumulative first quarter, “GMO-PG Online Advertising Service” showed solid growth.

Sales were 345,089 thousand yen (increase of 21.9% on a year-on-year basis) and income for the segment (operating income) was 42,715 thousand yen (increase of 54.8% on year-on-year basis).

## (2) Qualitative information regarding the consolidated financial condition

### [1] Assets

The balance of total assets at the end of the first quarter of the current consolidated fiscal year was 77,883,427 thousand yen, up 23,111,883 thousand yen as compared with the end of the previous consolidated fiscal year. This increase was mainly due to an increase of cash and deposits (+9,025,311 thousand yen), an increase of advance payments-trade (+2,406,617 thousand yen) and an increase of accounts receivable-other(+9,784,660 thousand yen). The main factors for the increase in accounts receivable-other is the increase of transactions for GMO payment after delivery service.

### [2] Liabilities

The balance of liabilities at the end of the first quarter of the current consolidated fiscal year was 58,986,298 thousand yen, up 23,322,923 thousand yen as compared with the end of the previous consolidated fiscal year. This increase was mainly caused by an increase in accounts payable-other of 10,420,819 thousand yen and deposits received of 9,192,925 thousand yen, which was an effect of the increase in deposits received from merchants in accordance with the merchant acquiring service agreement.

### [3] Net assets

The balance of net assets at the end of the first quarter of the current consolidated fiscal year was 18,897,129 thousand yen, down 211,040 thousand yen as compared with the end of the previous consolidated fiscal year. The increase was mainly caused by increase in profit attributable to owners of parent of 597,250 thousand yen and an increase of valuation difference on available-for-sale securities of 212,180, thousand yen, with a decrease of 1,002,996 thousand yen as a result of a distribution of surplus.

### [4] Cash Flows

At the end of the first quarter of the current consolidated fiscal year, cash and cash equivalents ("Funds") were 34,203,619 thousand yen, up 9,016,083 thousand yen as compared with the balance at the beginning of the period. Cash flows at the end of the cumulative first 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 first quarter of the current consolidated fiscal year amounted to 6,685,291 thousand yen (gain of 5,849,734 thousand yen from the same period the previous fiscal year).

This was mainly due to increases in accounts receivable-trade of 1,218,226 thousand yen, in advance payments-trade of 2,406,617 thousand yen, accounts receivable-other of 9,784,597 thousand yen, in accounts payable-other of 10,396,142 thousand yen, and an increase in deposits of 9,094,418 thousand yen.

#### **Net cash provided by (used in) investing activities**

Cash used in investment activities totaled 656,758 thousand yen (1,647,296 thousand yen was used in the same period of the previous fiscal year.) This was mainly due to the investments in other securities of subsidiaries and affiliates of 369,329 thousand yen, and purchase of intangible fixed assets of 254,614 thousand yen.

#### **Net cash provided by (used in) financing activities**

Cash used in financing activities totaled 2,983,283 thousand yen (598,210 thousand yen was used in the same period of the previous fiscal year). This was primarily attributable to the payment of 990,095 thousand yen in dividends and an increase of 4,000,000 thousand yen in proceeds from short-term borrowings.

### **(3) Description of forecast information including consolidated earnings forecasts**

(Forecasts for the next period)

In regard to our core business, the B to C e-commerce market continues to grow, thanks to a favorable external environment such as broader use of smartphones as well as reforms in logistics. E-commerce is also becoming more prevalent for services, as seen in areas such as B to B and C to C e-commerce.

Additionally, the transition to online payments outside the e-commerce field is making steady progress in services fields other than product sales, payments of 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, the principal market of GMO Financial Gate Co., Ltd. which became a consolidated subsidiary in the previous consolidated fiscal year. As the Tokyo Olympics and Paralympics in 2020 draw closer, we expect a transition to more cashless payments including means other than credit cards. We expect this to create new business opportunities, expanding the business domain of our group even further.

For the term ending September 2017, we believe this will be achieved by accelerating the pace of new merchant acquisitions, strengthening our 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 (MSB)" that increase added value associated with the merchants' use of the Group. Regarding Macro Kiosk Berhad, since its fiscal year end is on December 31, we plan to consolidate the financial statements based on the provisional settlement of accounts which is three months before the accounting closing date of our company. For this reason the income statement of Macro Kiosk Berhad will be consolidated from the second quarter of the consolidated accounting period ending in September 2017, and we plan to incorporate the income and expenses for the nine months from October 1, 2016, to June 30, 2017. With regard to GMO Financial Gate Co., Ltd., which became a consolidated subsidiary at the end of the previous consolidated fiscal year, it has already achieved stable positive business income, and we expect it to contribute to our company's management target of 25% operating income growth in the fiscal period ended in September 2017.

In regard to costs, we forecast an increase in sales cost ratio due to strong sales performance for "GMO-PG Remittance Service", "GMO Payment Later" and payment terminals for GMO Financial Gate, Inc., all of which have high sales-cost ratio. We also forecast increased cost for expansion of domestic and overseas subsidiaries, and other new businesses. We expect 31.2% growth in operating income and 26.7% operating income ratio.

## **2. Items concerning summary information (Notes)**

- |  |     |
|--|-----|
| <b>(1) Changes of important subsidiaries</b>   | N/A |
| <b>(2) Application of special accounting procedures for the drafting of financial statements</b> | N/A |
| <b>(3) Changes in accounting policy / changes or restatements in the accounting estimates</b>    | N/A |
| <b>(4) Additional information</b>  |     |

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

### 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 first quarter of the current consolidated fiscal year (December 31, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	25,231,522	34,256,834
Accounts receivable-trade	3,924,904	5,143,984
Lease receivables	7,291,439	7,696,856
Merchandise	38,377	49,905
Supplies	972	729
Advance payments-trade	6,388,955	8,795,573
Prepaid expenses	118,723	149,997
Deferred tax assets	300,169	196,825
Accounts receivable-other	1,742,612	11,527,272
Other	839,372	855,007
Allowance for doubtful accounts	(327,887)	(605,030)
Total current assets	45,549,162	68,067,956
Noncurrent assets		
Tangible assets		
Buildings, net	83,143	81,816
Tools, furniture and fixtures	122,782	121,093
Other	146,354	132,403
Total tangible assets	352,280	335,312
Intangible assets		
Goodwill	2,271,697	2,238,081
Right of trademark	212	191
Software	1,079,334	1,245,751
Other	346,971	371,607
Total intangible assets	3,698,215	3,855,631
Investments and other assets		
Investment securities	2,251,124	2,442,604
Shares of subsidiaries and affiliates	2,203,234	2,418,729
Investments in other securities of subsidiaries and affiliates	309,174	303,808
Long-term loans receivable from directors and employees	962	840
Claims provable in bankruptcy, claims provable in rehabilitation and other	31,468	31,598
Long-term prepaid expenses	8,285	10,518
Lease and guarantee deposits	231,035	286,545
Deferred tax assets	87,629	81,583
Other	80,437	79,896
Allowance for doubtful accounts	(31,468)	(31,598)
Total investments and other assets	5,171,884	5,624,526
Total noncurrent assets	9,222,381	9,815,471
Total assets	54,771,544	77,883,427

(Unit: Thousand yen)

	Summary of balance sheet at the end of the previous consolidated fiscal year (September 30, 2016)	End of the first quarter of the current consolidated fiscal year (December 31, 2016)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	2,726,492	3,203,818
Short-term borrowings	50,617	4,050,617
Accounts payable-other	2,784,175	13,204,995
Income taxes payable	901,767	331,043
Accrued consumption taxes	78,482	152,610
Advances received	447,442	461,995
Deposits received	27,634,302	36,827,228
Provision for bonuses	478,808	331,899
Provision for others	125,000	—
Other	103,660	113,671
Total current liabilities	35,330,748	58,677,878
Noncurrent liabilities		
Provision for directors' remuneration Board Incentive Plan Trust	170,000	170,000
Other	162,626	138,419
Total noncurrent liabilities	332,626	308,419
Total liabilities	35,663,374	58,986,298
<b>Net assets</b>		
Shareholders' equity		
Capital stock	4,712,900	4,712,900
Capital surplus	4,964,712	4,955,835
Retained earnings	8,893,549	8,487,748
Treasury stock	(265,236)	(265,236)
Total shareholders' equity	18,305,926	17,891,248
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(48,004)	164,175
Foreign currency translation adjustment	(97,162)	(120,591)
Total Accumulated other comprehensive income	(145,167)	43,583
Subscription rights to shares	1,066	1,037
Total net assets	946,344	961,259
Total liabilities and net assets	19,108,169	18,897,129

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

(Consolidated quarterly statements of income)  
(Consolidated cumulative first quarter)

(Unit: Thousand yen)

	First three months of the previous consolidated fiscal year (From October 1, 2015 to December 31, 2015)	First three months of the current consolidated fiscal year (From October 1, 2016 to December 31, 2016)
Net sales	2,732,786	4,346,814
Cost of sales	615,078	1,109,296
Gross profit	2,117,708	3,237,517
Selling, general and administrative expenses	1,246,788	2,036,145
Operating income	870,919	1,201,372
Non-operating income		
Interest income	1,694	609
Dividends income	6,327	9,425
Equity income of affiliates	25,075	—
Earnings on reversal of dividends payable	933	1,159
Commissions received	6,770	5,173
Exchange earnings	11,047	546
Other	7,704	5,153
Total non-operating income	59,553	22,068
Non-operating expenses		
Interest expenses	1,039	5,716
Equity in losses of affiliates	—	104,912
Loss on investment in partnership	591	3,061
Other	4,344	426
Total non-operating expenses	5,976	114,117
Ordinary income	924,496	1,109,323
extraordinary expense		
loss on retirement of noncurrent assets	—	45
Total extraordinary expense	—	45
Income before income taxes	924,496	1,109,278
Corporate, inhabitant and enterprise taxes	256,584	396,022
Income taxes-deferred	71,051	104,425
Total income taxes	327,635	500,448
Net income	596,861	608,830
Profit attributable to non-controlling interests	—	11,579
Profit attributable to owners of parent	596,861	597,250

(Consolidated quarterly statements of comprehensive income)  
(Consolidated cumulative first quarter)

(Unit: Thousand yen)

	First three months of the previous consolidated fiscal year (From October 1, 2015 to December 31, 2015)	First three months of the current consolidated fiscal year (From October 1, 2016 to December 31, 2016)
Net income	596,861	608,830
Other comprehensive income		
Valuation difference on available-for-sale securities	13,789	206,813
Foreign currency translation adjustment	10,751	16,778
Amount corresponding to the equity holdings of the equity-method affiliates	—	(34,842)
Total other comprehensive income	24,540	188,749
Comprehensive income	621,401	797,580
Details		
Parent company shareholders' comprehensive income	621,401	809,159
Non-controlling interests' comprehensive income	—	(11,579)

### (3) Consolidated statements of cash flows

(Unit: Thousand yen)

	First three months of the previous consolidated fiscal year (From October 1, 2015 to December 31, 2015)	First three months of the current consolidated fiscal year (From October 1, 2016 to December 31, 2016)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	924,496	1,109,278
Depreciation	81,063	121,786
Amortization of goodwill	650	33,560
Increase and decrease in provision ( ) =decrease	(126,721)	5,364
Interest and dividends income	(8,022)	(10,035)
Interest expenses	1,039	5,716
Foreign exchange gains and losses ( ) =gain	(11,045)	(4,767)
Equity in gains and losses of affiliates ( ) =gain	(25,075)	104,912
Gains and losses on investment in partnership ( ) =gain	591	3,061
Loss on retirement of noncurrent assets	—	45
Increase and decrease in accounts receivable ( ) =increase	(521,355)	(1,218,226)
Increase and decrease in lease receivables ( ) =increase	(1,146,745)	(405,416)
Increase and decrease in inventories ( ) =increase	(118)	(11,135)
Increase and decrease in advance payments-trade ( ) =increase	(69,785)	(2,406,617)
Increase and decrease in accounts receivable-other ( ) =increase	(433,574)	(9,784,597)
Increase and decrease in purchase debts ( ) =decrease	230,512	477,027
Increase and decrease in accounts payable-other ( ) =decrease	762,486	10,396,142
Increase and decrease in deposits received ( ) =decrease	8,016,536	9,094,418
Other	(732,776)	33,390
Subtotal	6,942,157	7,543,908
Interest and dividends income received	2,056	1,087
Interest expenses paid	(1,039)	(5,582)
Payment on deposit money	(320,000)	—
Income taxes paid	(773,439)	(854,121)
Net cash provided by (used in) operating activities	5,849,734	6,685,291
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plants and equipment	(595)	(5,207)
Purchase of intangible assets	(143,167)	(254,614)
Purchase of investment securities	(1,376,024)	—
Proceeds from sales or redemption of investment securities	—	30,947
Purchase of stocks of subsidiaries and affiliates	(124,950)	(369,329)
Distributions from an investment partnership	8,975	10,072
Payment on leasehold deposits	(980)	(67,200)
Others	(10,554)	(1,425)
Net cash provided by (used in) investing activities	(1,647,296)	(656,758)
<b>Net cash provided by (used in) financing activities</b>		
Proceeds from short-term borrowings	—	4,000,000
Repayment of long-term borrowings	—	(4,566)
Proceeds from issuance of common stock	2,749	250
Cash dividends paid	(585,514)	(990,095)
Proceeds from stock issuance to minority shareholders	(4,344)	(5,819)
Other	(11,101)	(16,484)
Net cash provided by (used in) financing activities	(598,210)	2,983,283
Translation differences of cash and cash equivalents	10,091	4,266
Increase and decrease in cash and cash equivalents ( ) =decrease	3,614,320	9,016,083
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	33,727,925	34,203,619

#### **(4) Notes for the consolidated quarterly financial statement**

(Notes regarding the Going Concern Assumption)

N/A

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

N/A