



Summary of Consolidated Financial Statements for the Term Ended September 30, 2017

November 2, 2017

Exchange: First Section of Tokyo Stock Exchange

Name of listed company:	GMO Payment Gateway, Inc.		
Stock code:	3769	URL:	https://corp.gmo-pg.com/en/
Representative:	Issei Ainoura	President & Representative Director	
Contact:	Ryu Muramatsu	Executive Vice President	Tel: +81-3-3464-0182
Scheduled date for the holding of the ordinary general shareholders' meeting	December 17, 2017	Scheduled date of commencement for dividend payment	December 18, 2017
Scheduled submission date of securities report	December 18, 2017		
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 Ended September 2017 (From October 1, 2016 to September 30, 2017)

(1) Consolidated Financial Statements (Percentages represent year-on-year % change)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2017	21,794	79.9	5,015	31.3	4,739	25.4	2,948	1.3
FY2016	12,113	34.1	3,819	28.3	3,780	26.0	2,910	57.1

(Note) Comprehensive income: FY2017: 3,490 million yen (31.8%) FY2016: 2,649 million yen (40.5%)

	Net profit per share	Diluted net profit per share	Return on equity	Return on assets	Operating profit ratio on net sales
	Yen	Yen	%	%	%
FY 2017	79.36	—	15.2	6.9	23.0
FY 2016	78.36	78.36	17.0	7.8	31.5

Reference: Equity in earnings of affiliates: FY 2017: Δ352 million yen FY 2016: Δ15 million yen

(Note) In order to appropriately disclose the net profit 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.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2017	83,125	21,686	24.8	554.35
FY2016	55,186	19,269	32.9	488.88

Reference: Equity: FY2017: 20,593 million yen FY2016: 18,160 million yen

(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 2017	1,749	Δ1,984	2,635	27,575
FY 2016	Δ748	Δ3,415	Δ654	25,187

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 2016	0.00	0.00	0.00	27.00	27.00	1,002	34.5	5.8
FY 2017	0.00	0.00	0.00	40.00	40.00	1,485	50.4	7.7
FY 2018 (forecast)	0.00	0.00	0.00	49.00	49.00		50.1	

3. Consolidated Financial Forecast for the Fiscal Year Ending September 2018 (From October 1, 2017 to September 30, 2018)

(Full year % represents previous term comparison; Interim % represents year-on-year change)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2Q of FY 2017 (cumulative)	12,638	26.5	2,944	16.1	2,835	19.6	1,770	63.3	47.66
Full year	27,283	25.2	6,269	25.0	6,033	27.3	3,635	23.3	97.87

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 in accounting policy 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) FY2017: 37,150,500 FY 2016: 37,150,500
 - [2] Number of treasury shares at the end of the term FY2017: 2,500 FY 2016: 2,500
 - [3] Average number of shares during the term FY2017: 37,148,000 FY2016: 37,146,617

(Note) In order to appropriately disclose the number of treasury shares at the end of the term and average number of shares during the term, 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.

(Reference) Summary of Non-consolidated Statements

**Non-consolidated Financial Statements for the Term Ended September 2017
(From October 1, 2016 to September 30, 2017)**

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

	Revenue		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2017	11,613	27.0	3,468	44.7	4,087	47.2	2,973	41.6
FY 2016	9,144	35.5	2,397	29.7	2,777	25.5	2,100	40.1

	Net profit per share		Diluted net profit per share	
	Yen		Yen	
FY 2017	80.04		—	
FY 2016	56.54		56.53	

(Note) In order to appropriately disclose the net profit per share and diluted net profit 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.

(2) Non-consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
FY 2017	54,867		17,967		32.7		483.68	
FY 2016	39,251		15,748		40.1		423.93	

Reference: Shareholders' equity: FY 2017: 17,967 million yen FY 2016: 15,748 million yen

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

* Notes regarding the appropriate use of financial forecast 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“(5) Outlook” under “1. Status of consolidated operating results” on page 8 of the attachment.

2) Results Presentation for Investors and Analysts: November 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. Status on Operating Results

(1) Status of consolidated operating results

① Operating results for the current period

Regarding the economic environment in Japan during the period under review, Japan's economic recovery remained mild due to uncertainties surrounding foreign economies and mounting geopolitical risks despite the benefit of the government's economic and fiscal policies as well as Bank of Japan's monetary easing program showing in continued recovery of corporate earnings, employment and income.

The group's core business is positioned in Ecommerce market in Japan. Japan's B2C Ecommerce for merchandizing continues to grow rapidly, helped by favorable changes in the group's external environment such as spreading smartphone usage and logistic reforms. At the same time, horizon of Ecommerce market is broadening, represented by enlarging B2B and C2C Ecommerce. Payment activities have been shifting online, not just in non-merchandizing, service Ecommerce space but also in non-Ecommerce space as represented by public dues (utility payments and taxes) as well as medical expenses and other areas closely related to everyday life. GMO Financial Gate, Inc., which became our consolidated subsidiary in the previous period, is positioned in card-present market. Card-present market in Japan is enjoying solid credit card shopping and is expected to accelerated growth with the government's initiatives to promote cashless payments ahead of the upcoming 2020 Olympics and Paralympics. Such trend is estimated to generate new business opportunities and to enlarge the group's business fields.

With regard to overseas business, we established subsidiaries and other entities in Southeast Asia to provide "Z.com Payment", a compilation of necessary payment methods to Japanese merchants advanced in the local area. At the same time, we are enlarging investment activities through "GMO Global Payment Fund" to form capital alliances with promising, local payment-processing companies, which also showed robust performance. With a view to incorporate huge growth potential of Southeast Asia, the world's growth center, into the group's mid-to-long-term business, we have been taking various measures delivering group synergies. During the previous accounting period, we acquired a substantial stake in Macro Kiosk Berhad, a leading, enterprise mobility solution enabler based in Malaysia offering comprehensive services on mobile payment, authentication and notification.

Given the expansion of payment processing service with improved transaction volume and value, acquisition of large businesses, acquisition of a major merchant by GMO Payment Service, Inc. and consolidation benefit of Macro Kiosk and GMO Financial Gate, Inc., the group has recognized a revenue of 21,794,783 thousand yen (79.9% year-on-year increase) for the fiscal year under review.

Concerning cost of revenue, solid performance of high cost-ratio products such as "GMO-PG Remittance Service", "GMO payment after delivery" and sales of payment terminals by GMO Financial Gate, Inc. pushed up group-wide cost of revenue ratio despite the scale of economy advantages. As a result, cost of revenue amounted to 6,687,176 thousand yen (141.5% year-on-year increase). Selling, general and administrative expenses came to 10,092,156 thousand yen (increase of 82.7% on a year-on-year basis) due to the increase of MSB related selling cost and increase in personnel expenses that came with resource expansion. The operating profit grew 31.3% year-on-year to 5,015,450 thousand yen.

With regard to non-operating income and expenses, equity method investment loss of 352,599 thousand yen has been posted, which put ordinary profit at 4,739,954 thousand yen (increase of 25.4% on a year-on-year basis). Under extraordinary loss, we posted loss on changes of equity of 187,345 thousand yen. For income taxes, income taxes adjustment was 984,104 thousand yen after recording deferred tax assets related to surged temporary difference that transaction volume expansion by GMO Payment Service, Inc., etc. brought about. As a result, profit attributable to owners of parent came in at 2,948,230 thousand yen (increase of 1.3% on a year-on-year basis) ahead of our initial plan.

② Results by segment

Performance by reportable segment is explained below.

From the fiscal year under review, business segment categorization methodology has changed, and several business segments previously included in "Other" have been aggregated as "Payment Enhancement Business" which was added on as a new reporting segment. And Macro Kiosk Berhad, which started being included in the consolidated profit and loss statement from this fiscal year, is also included in Payment Enhancement Business

category.

Segment	Previous consolidated fiscal year (From October 1, 2015 to September 30, 2016)	Current consolidated fiscal year (From October 1, 2016 to September 30, 2017)	Rate of change (%)
Payment Processing Business			
Revenue (thousand yen)	8,632,192	11,914,433	38.0
Operating profit (thousand yen)	5,066,667	6,579,818	29.9
Money Service Business			
Revenue (thousand yen)	2,242,795	5,801,797	158.7
Operating profit (thousand yen)	216,883	226,080	4.2
Payment Enhancement Business			
Revenue (thousand yen)	1,239,088	4,078,552	229.2
Operating profit (thousand yen)	159,485	508,382	218.8
Adjustments			
Revenue (thousand yen)	Δ212	—	—
Operating profit (thousand yen)	Δ1,623,529	Δ2,298,830	—
Total			
Revenue (thousand yen)	12,113,864	21,794,783	79.9
Operating profit (thousand yen)	3,819,506	5,015,450	31.3

a. Payment processing business

For the online space of payment processing business, the Ecommerce market expanded its size and horizon while the Company also received system development business from large operators.

The group has been attempting to develop recurring payment field as represented by public dues (utility payments and taxes) as well as other monthly services closely connected with everyday life by enabling the usage of credit cards. The group has been providing processing services to public institutions such as local municipalities throughout Japan (as represented by “Metropolitan Tax Credit Card Payment Site” for Tokyo metropolitan government) and National Tax Agency (national tax credit card payment site).

The number of operating merchants at the end of the current consolidated fiscal year increased by 5,093 to 82,349 compared to the same time last year. Transaction volume and value both steadily increased.

We decided during the period under review to offer a system platform of “smartphone payment service linked with bank accounts” to Bank of Fukuoka, Ltd. We also reached a basic agreement with Bank of Yokohama, Ltd. and Almex Inc. to enter into discussion on smartphone payment integration and cash out service.

Changes in number of operating stores

	End of September 2013	End of September 2014	End of September 2015	End of September 2016	End of September 2017
Number of operating stores	44,328	49,725	59,559	77,256	82,349

Note: Number of operating stores is the number of IDs assigned to stores 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 (GMO Payment after delivery service, Online Advertising service, etc.) or the number of operating terminals provided by GMO Financial Gate, Inc.

For card-present field, GMO Financial Gate, Inc. that became a consolidated subsidiary in the previous fiscal year made significant contribution through its payment processing service.

These factors have resulted in segment revenue of 11,914,433 thousand yen (up by 38.0% year-on-year) and segment operating profit of 6,579,818 thousand yen (up by 29.9% year-on-year).

b. Money Service Business

Money Service Business (MSB) includes “early payment service” to help merchants receive sales proceeds earlier and improve their cash flow, “transaction lending service” to provide loans that give merchants capital 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 users 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 5,801,797 thousand yen (increase of 158.7% on a year-on-year basis) and profit for the segment

(operating profit) was 226,080 thousand yen (4.2% year-on-year increase).

c. Payment Enhancement Business

Payment Enhancement Business includes services of mobile payment, authentication and notification comprehensively provided by Macro Kiosk Berhad, "GMO-PG Online Advertising Service" intended to boost merchant sales, SSL server certifications, and shipping services. During the consolidated year, services of Macro Kiosk Berhad and "GMO-PG Online Advertising Service" showed solid growth.

Revenue was 4,078,552 thousand yen (increase of 229.2% on a year-on-year basis) and profit for the segment (operating profit) was 508,382 thousand yen (increase of 218.8% on a year-on-year basis).

③ Results by revenue model

Performance by revenue model is explained below.

Starting from the consolidated accounting period under review, 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 resegmented items included per revenue model to communicate more accurate management indicators. In line with these changes, part of the commissions received in "GMO payment after delivery," which is the revenue computed 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 previous fiscal year have been restated to reflect the changes.

Business model	Previous consolidated fiscal year (From October 1, 2015 to September 30, 2016)	Current consolidated fiscal year (From October 1, 2016 to September 30, 2017)	Rate of change (%)
Initial (thousand yen) (Initial revenue)	640,111	1,366,011	113.4
Stock (thousand yen) (Monthly revenue)	2,926,798	3,692,436	26.2
Fee (thousand yen) (Transaction processing revenue)	2,935,426	6,735,698	129.5
Spread (thousand yen) (Merchant acquiring service revenue)	5,611,527	10,000,636	78.2
Total (thousand yen)	12,113,864	21,794,783	79.9

(2) Status of consolidated financial position

Assets, liabilities and net assets

(Assets)

The balance of total assets at the end of the current consolidated fiscal year was 83,125,601 thousand yen, up 27,938,859 thousand yen as compared with the same time last year. This increase was mainly due to an increase of cash and deposits (+2,391,943 thousand yen), an increase of advance payments-trade (+10,417,266 thousand yen), an increase of accounts receivable-other (+12,935,964 thousand yen) and an increase of allowance for doubtful accounts (+2,065,900 thousand yen). It is the expansion of "GMO payment after delivery" service that mainly accounts for the increase in accounts receivable-other.

(Liabilities)

The balance of liabilities at the end of the current consolidated fiscal year was 61,439,408 thousand yen, up 25,521,784 thousand yen as compared with same time last year. This increase was mainly caused by an increase in accounts payable-other (+9,774,178 thousand yen), an increase in deposits received of 9,772,464 thousand yen and an increase in long-term borrowings (+2,969,350 thousand yen). The increase in accounts payable-other mainly came from increased "GMO payment after delivery" transaction, and the increase in deposits received mainly came from the surge in deposits from merchants under representative merchant agreement.

(Net assets)

The balance of net assets at the end of the current consolidated fiscal year was 21,686,192 thousand yen, up 2,417,074 thousand yen as compared with same time last year. The increase was mainly caused by recording profit attributable to owners of parent of 2,948,230 thousand yen offset by a decrease of 1,002,996 thousand yen as a result of a distribution of surplus as dividends.

(3) Status of consolidated cash flows

At the end of the current consolidated fiscal year, cash and cash equivalents (the “Funds”) for the fiscal year under review totaled 27,575,173 thousand yen, up 2,387,637 thousand yen when compared with the balance at the beginning of the current period. Cash flows for the current consolidated fiscal year are as follows.

(Cash flow from operating activities)

The Funds gained as a result of operating activities for the fiscal year under review were 1,749,955 thousand yen (748,659 thousand yen was used for the same period of the previous year). This was mainly due to recording 4,470,554 thousand yen as profit before income taxes, an increase of allowance (+1,996,147 thousand yen), a decrease in lease receivables of 864,612 thousand yen, an increase in accounts payable-other (+9,796,639 thousand yen) and 9,772,464 thousand yen of increase in deposits despite an increase in accounts receivable (+2,106,873 thousand yen), an increase of advance payments-trade (+10,417,266 thousand yen), an increase of accounts receivable-other (+12,775,948 thousand yen).

(Cash flow from investing activities)

The Funds used as a result of investing activities for the current consolidated fiscal year were 1,984,622 thousand yen (3,415,138 thousand yen was used for the same period of the previous year). This was mainly due to the purchase of intangible assets (1,065,087 thousand yen), purchase of investment securities (221,236 thousand yen) and purchase of stocks of subsidiaries and affiliates (466,122 thousand yen).

(Cash flow from financing activities)

The Funds obtained as a result of financing activities totaled 2,635,568 thousand yen during this fiscal year (654,646 thousand yen was used in the previous fiscal year). This was mainly due to proceeds from long-term borrowings for 4,000,000 thousand yen despite cash dividends paid for 1,001,247 thousand yen, repayment of long-term borrowings for 264,739 thousand yen.

The trend of the group’s cash flow indices is as follows.

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Equity ratio (%)	26.4	27.7	38.7	32.9	24.8
Equity ratio on a market value basis (%)	216.2	348.0	408.4	354.1	314.6
Interest-bearing debt to cash flows ratio (%)	1.8	4.5	3.0	—	232.0
Interest coverage ratio (times)	960.3	1,843.7	2,058.7	—	60.7

- Notes: 1. Method of computing the abovementioned indices
Equity ratio: shareholders’ equity ÷ total assets
Equity ratio on a market value basis: total market capitalization ÷ total assets
Interest-bearing debt to cash flows ratio: interest-bearing debt ÷ operating cash flows
Interest coverage ratio: operating cash flows ÷ interest payments
2. Each index was computed based on consolidated financial values.
3. The total market capitalization was computed by multiplying the closing share price at the end of the term by the number of outstanding shares at the end of the term (excluding treasury stock)
4. As for 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.
5. The interest-bearing debt to cash flows ratio and interest coverage ratio are omitted for the FY2016, because that fiscal year’s operating cash flow was negative.

(4) Basic policy on profit sharing and distribution for the current and next term

We consider that returning stable profit to our shareholders while continuing to secure retained earnings necessary to expand business and to reinforce corporate robustness is our major management mission. We are planning to pay 40 yen per share as dividend for the fiscal year under review.

As for the dividend for the next term, considering the strong expectations for our business expansion, we are planning a dividend payout of 49 yen per share in a bid to further strengthen shareholder returns by continuing the consecutive dividend increase and to enhance corporate value in the medium-to-long term.

We are committed to continue to effectively use our retained earnings for further enhancement of our corporate strength and proactive business expansion.

(5) Outlook

The group's core business is positioned in Ecommerce market in Japan. Japan's B2C Ecommerce for merchandizing continues to grow rapidly, helped by favorable changes in the group's external environment such as spreading smartphone usage and logistic reforms. At the same time, horizon of Ecommerce market is broadening, represented by enlarging B2B and C2C Ecommerce.

For the accounting period ending September 2018, the group forecasts expansion in all its segments of payment processing business, money service business and payment enhancement business by acquiring large and growing merchants or financial institutions, acquiring large businesses, expansion of "GMO payment after delivery" and further growth of Macro Kiosk Berhad.

Consequently, our earnings forecast for consolidated accounting period ending September 30, 2018 are as follows: revenue 27,283 million yen (25.2% year-on-year increase); operating profit 6,269 million yen (25.0% year-on-year increase); ordinary profit 6,033 million yen (27.3% year-on-year increase); profit attributable to owners of the parent 3,635 million yen (23.3% year-on-year increase).

(Reference) Consolidated earnings forecast (IFRS)

	Fiscal year ending September 30, 2018	
	Second quarter (cumulative)	Full year
Revenue	11.9 billion yen	26.1 billion yen
Operating profit	3 billion yen	6.4 billion yen
Profit attributable to owners of the parent	1.8 billion yen	4.1 billion yen

2. Management Policy

(1) Basic management policy of the Company

The management principle of the group is to “pursue both spiritual and material prosperity for our partners by contributing to society.”

■ We contribute to the progress of our society with a strong intention to create and develop markets, and with transparency in expanding businesses.

■ We define our partners as our employees of high morals, customers and business partners.

■ Our employees possess richness of spirit, advanced problem-solving abilities, and a high level of professionalism. They always pursue richness of spirit when they exchange values with our customers.

Based on the management principle, our mission is to become the best payment infrastructure in Japan and to contribute to safe and easy use of payment processing services for merchants and consumers. We are expanding our businesses according to the following management policy:

● Be responsive to society’s diverse and changing needs

Spirit of innovation : We strive to maintain/support technical superiority of our products

Flexibility : Our project proposals are appropriate for the growing market’s speed.

● Establish the value of existence

Uniqueness : We strive to maintain the value of our company's existence through customer-oriented services.

Profitability : We surpass competitors by pursuing revenue growth, and establish an unwavering position in the Industry.

Independence / Education: Our training program is designed to cultivate business people with a high level of self-sufficiency who will become model employees in all aspects: performance results, attitude, and mindset.

● Pursue all possible conditions for making profit

Sociability : With a focus on healthy business, we will continue to actively develop untapped markets in the area of various payment processing solutions.

Rationality : We always make business judgments quickly and impartially considering important economic rationality.

● Be responsible to shareholders

We strive to maximize the shareholder value by considering capital efficiency.

In actively conducting IR activities we always provide our shareholders with appropriate information.

(2) Target management index

The group’s main management goal is a 25% growth in operating profit.

After the investments necessary to maintain a 25% CAGR in the medium-to long-term, operating profit increased 31% in the fiscal year ended September 30, 2017. We forecast operating profit to grow 25% in the fiscal year ending September 30, 2018.

The group will continue to deliver online payment infrastructure, contributing to the creation of a more convenient and secure Ecommerce environment and improvement of Japan’s Ecommerce ratio. We will also endeavor to expand our operations by developing new businesses, capital/ business tie-ups with partners, founding new subsidiaries, and expanding services globally.

*In line with its expanding operation, from the fiscal year under review, the group has decided to use operating profit growth rate instead of ordinary profit growth rate as its new management index in an attempt to manage its business return more appropriately. In addition, we will be monitoring EBITDA (operating profit + depreciation + amortization of goodwill) growth rate.

(3) Challenges to be addressed by the Company

① Strengthening the information security

We provide credit card payment processing services, and process and manage material information such as credit card numbers. As part of the process to strengthen 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 our business offices for the first time as a listed payment processing

services company. Consequently, our information security management system has been objectively assessed to be appropriate and safe in compliance with strict international standards.

With regards to PCI DSS which was jointly established by five international credit card companies: JCB; American Express; Discover; MasterCard; and VISA, after obtaining the first certification in December 2008, we have passed annual recertification review eight times and have obtained the latest certification in December 2016.

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.

Despite the fact that we have handled our information security as above, between 8th and 9th March 2017, unauthorized external accesses exploiting vulnerability of Apache Struts 2 that is the application framework have been confirmed in two websites of our consignment merchants, and occurrence of incidents resulting in leakage of credit card information as well as personal information of users of the websites have been confirmed.

We have concluded that objective, professional, fair and transparent investigation, examination and determination would be required for ascertaining factual situations, investigation into causes of incidents, and setting out countermeasures for recurrence prevention of this matter; Recurrence Prevention Committee, which includes external experts, was established on 14th March 2017, and a report was published on 1st May, 2017, regarding findings from investigations carried out up to 30th April 2017. For further details, please refer to “Notice of the Investigation Report of the Recurrence Prevention Committee” that was announced on 1st May, 2017.

We will continue to take note of findings by Recurrence Prevention Committee and will endeavor to recover trusts from our customers, by promoting security enhancement through steady, all-out implementation of technical and organizational enhancements across the entire company.

② Strengthening the system development capabilities

The group’s business fields are deeply related to the Internet and we recognize that to provide customers with competitive products, it is important to adopt competitive technologies and services in a timely manner.

At present, our internal personnel incorporate changes in the system environment or requests from customers into our system designs and outsource programming work to provide efficient and quality services. We will try to continue to secure highly-skilled developers and further strengthen system development capabilities and services.

③ Strengthening the collaboration business

We recognize that to ensure stable growth, it is essential to establish mutually-beneficial business collaborations with corporations covering many merchants, payment companies or Ecommerce website builders to efficiently acquire new merchants.

The Company is fond of employing the above-mentioned business style, and it will continue to seek more of such business collaborations, which are and will be tracked by its management team.

④ Expansion of business portfolio

As its management strategy, the group has always strived to expand its business domains; we have stretched online payment fields of our coverage from mainly in B2C Ecommerce to public dues, utility charges, service commerce, B2B and C2C market space; we have also started a new type of payment service with the founding of GMO Payment Service Inc. In the previous fiscal year, we strengthened our overseas operations by acquiring Macro Kiosk Berhad, and expanded offline payment business by turning GMO Financial Gate Inc. into our subsidiary. We will continue to stretch our multifaceted business portfolio with its core being payment processing service, and strive to consecutively boost profits.

3. Basic Stance on Accounting Standard Selection

The group plans to voluntarily adopt International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ending September 30, 2018 considering its engagement in global business expansion. Migration to IFRS should improve convenience on the part of our various stakeholders including domestic/overseas shareholders and investors, making comparison of our financial data with overseas peers easier and allowing for more expanded disclosure.

4. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheet

(Unit: Thousand yen)

	Summary of balance sheet at the end of the previous consolidated fiscal year (September 30, 2016)	End of the current consolidated fiscal year (September 30, 2017)
Assets		
Current assets		
Cash and deposits	25,231,522	27,623,466
Accounts receivable-trade	3,924,904	6,254,193
Lease receivables	7,291,439	6,426,827
Merchandise	38,377	93,720
Supplies	972	757
Advance payments-trade	6,388,955	16,806,222
Prepaid expenses	118,723	173,200
Deferred tax assets	300,169	1,251,001
Accounts receivable-other	1,742,612	14,678,576
Other	839,372	1,433,354
Allowance for doubtful accounts	△327,887	△2,393,788
Total current assets	45,549,162	72,347,531
Noncurrent assets		
Tangible assets		
Buildings	144,694	190,942
Cumulative depreciation	△61,551	△112,435
Buildings, net	83,143	78,507
Tools, furniture and fixtures	504,090	516,282
Cumulative depreciation	△381,308	△390,584
Tools, furniture and fixtures, net	122,782	125,698
Lease assets	306,340	362,164
Cumulative depreciation	△159,985	△166,781
Lease assets, net	146,354	195,382
Total tangible assets	352,280	399,588
Intangible assets		
Goodwill	1,686,682	1,619,708
Lease assets	17,450	25,719
Right of trademark	212	153
Software	1,079,334	1,586,738
Other	1,360,069	1,273,310
Total intangible assets	4,143,749	4,505,631
Investments and other assets		
Investment securities	2,251,124	2,704,216
Shares of subsidiaries and affiliates	2,203,234	2,318,656
Investments in other securities of subsidiaries and affiliates	309,174	420,998
Long-term loans receivable from directors and employees	962	467
Claims provable in bankruptcy, claims provable in rehabilitation and other	31,468	49,359
Long-term prepaid expenses	8,285	6,907
Lease and guarantee deposits	231,035	325,555
Deferred tax assets	57,294	16,848
Other	80,437	79,200
Allowance for doubtful accounts	△31,468	△49,359
Total investments and other assets	5,141,549	5,872,850
Total noncurrent assets	9,637,579	10,778,069
Total assets	55,186,742	83,125,601

(Unit: Thousand yen)

	Summary of balance sheet at the end of the previous consolidated fiscal year (September 30, 2016)	End of the current consolidated fiscal year (September 30, 2017)
Liabilities		
Current liabilities		
Accounts payable-trade	2,726,492	3,521,081
Lease payable	64,846	74,918
Accounts payable-other	2,784,175	12,558,354
Income taxes payable	901,767	1,693,502
Accrued consumption taxes	78,482	711,427
Advances received	447,442	491,722
Deposits received	27,634,302	37,406,767
Unearned revenue	62	11,886
Provision for bonuses	478,808	410,197
Provision for bonuses for directors	125,000	57,900
Other	89,369	882,799
Total current liabilities	35,330,748	57,820,557
Noncurrent liabilities		
Long-term borrowings	30,150	2,999,500
Lease payable	115,984	158,075
Long-term lease and guarantee deposited	7,397	—
Provision for directors' remuneration Board Incentive Plan Trust	170,000	210,495
Other	263,343	250,780
Total noncurrent liabilities	586,876	3,618,851
Total liabilities	35,917,624	61,439,408
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	10,838,783
Treasury stock	△265,236	△256,269
Total shareholders' equity	18,305,926	20,228,802
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△48,004	185,078
Foreign currency translation adjustment	△97,162	179,265
Total Accumulated other comprehensive income	△145,167	364,344
Subscription rights to shares	1,066	923
Minority interests	1,107,292	1,092,121
Total net assets	19,269,118	21,686,192
Total liabilities and net assets	55,186,742	83,125,601

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

(Unit: Thousand yen)

	Previous consolidated fiscal year (From October 1, 2015 to September 30, 2016)	Current consolidated fiscal year (From October 1, 2016 to September 30, 2017)
Revenue	12,113,864	21,794,783
Cost of revenue	2,769,578	6,687,176
Gross profit	9,344,285	15,107,607
Selling, general and administrative expenses	5,524,779	10,092,156
Operating profit	3,819,506	5,015,450
Non-operating profit		
Interest received	5,088	19,492
Dividends received	6,719	9,977
Gain on investment in partnership	12,425	—
Gain on reversal of dividends payable	933	1,159
Rent received	18,363	1,246
Commissions received	21,842	20,221
Foreign exchange gain	—	47,483
Other	9,683	10,973
Total non-operating profit	75,056	110,555
Non-operating loss		
Interest paid	4,986	29,361
Equity method investment loss	15,375	352,599
Loss on investment in partnership	—	974
Rent paid	18,035	1,142
Foreign exchange loss	72,010	—
Other	3,274	1,972
Total non-operating loss	113,682	386,051
Ordinary profit	3,780,880	4,739,954
Extraordinary profit		
Income from securities sold	194,057	936
Insurance reimbursement	—	160,000
Gain on liquidation of subsidiary	—	27,225
Gain on step acquisitions	395,827	—
Total extraordinary profit	589,884	188,161
Extraordinary loss		
Loss on change in equity	21,906	187,345
Loss on retirement of noncurrent assets	9,407	170
Information security countermeasure expenses	—	270,046
Loss on disaster	1,807	—
Total extraordinary loss	33,121	457,561
Profit before income taxes	4,337,643	4,470,554
Corporate, inhabitant and enterprise taxes	1,492,877	2,472,115
Income taxes-deferred	△66,160	△984,104
Total income taxes	1,426,717	1,488,011
Profit before minority interests	2,910,926	2,982,543
Profit attributable to non-controlling interests	—	34,312
Profit attributable to owners of the parent	2,910,926	2,948,230

(Consolidated statement of comprehensive income)

(Unit: Thousand yen)

	Previous consolidated fiscal year (From October 1, 2015 to September 30, 2016)	Current consolidated fiscal year (From October 1, 2016 to September 30, 2017)
Profit before minority interests	2,910,926	2,982,543
Other comprehensive income		
Other valuation difference on available-for-sale securities	Δ182,965	225,503
Foreign currency translation adjustment	Δ78,584	92,460
Amount corresponding to the equity holdings of the equity-method affiliates	—	190,147
Total other comprehensive income	Δ261,549	508,111
Comprehensive income	2,649,376	3,490,654
(Details)		
Comprehensive income attributable to owners of the parent	2,676,425	3,457,742
Comprehensive income attributable to non-controlling interests	Δ27,049	32,912

(3) Consolidated statement of changes in equity

Previous consolidated fiscal year (From October 1, 2015 to September 30, 2016)

(Unit: Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at Beginning of current period	4,711,021	4,970,942	6,651,114	Δ265,236	16,067,842
Changes of items during period					
Issuance of new shares	1,879	1,879			3,758
Dividends of surplus			Δ668,491		Δ668,491
Profit attributable to owners of parent			2,910,926		2,910,926
Net changes of items other than shareholders' equity		Δ8,109			Δ8,109
Total changes of items during period	1,879	Δ6,230	2,242,434	—	2,238,084
Balance at end of current period	4,712,900	4,964,712	8,893,549	Δ265,236	18,305,926

	Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sales securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at Beginning of current period	134,960	Δ18,578	116,382	2,126	—	16,186,351
Changes of items during period						
Issuance of new shares						3,758
Dividends of surplus						Δ668,491
Profit attributable to owners of parent						2,910,926
Net changes of items other than shareholders' equity	Δ182,965	Δ78,584	Δ261,549	Δ1,060	1,107,292	836,573
Total changes of items during period	Δ182,965	Δ78,584	Δ261,549	Δ1,060	1,107,292	3,082,766
Balance at end of current period	Δ48,004	Δ97,162	Δ145,167	1,066	1,107,292	19,269,118

Current consolidated fiscal year (From October 1, 2016 to September 30, 2017)

(Unit: Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at Beginning of current period	4,712,900	4,964,712	8,893,549	△265,236	18,305,926
Changes of items during period					
Dividends of surplus			△1,002,996		△1,002,996
Profit attributable to owners of parent			2,948,230		2,948,230
Disposal of treasury stock		△1,396		8,966	7,570
Net changes of items other than shareholders' equity		△29,928			△29,928
Total changes of items during period	—	△31,324	1,945,234	8,966	1,922,876
Balance at end of current period	4,712,900	4,933,388	10,838,783	△256,269	20,228,802

	Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sales securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at Beginning of current period	△48,004	△97,162	△145,167	1,066	1,107,292	19,269,118
Changes of items during period						
Dividends of surplus						△1,002,996
Profit attributable to owners of parent						2,948,230
Disposal of treasury stock						7,570
Net changes of items other than shareholders' equity	233,083	276,427	509,511	△142	△15,170	464,269
Total changes of items during period	233,083	276,427	509,511	△142	△15,170	2,417,074
Balance at end of current period	185,078	179,265	364,344	923	1,092,121	21,686,192

(4) Consolidated statement of cash flows

(Unit: Thousand yen)

	Previous consolidated fiscal year (From October 1, 2015 to September 30, 2016)	Current consolidated fiscal year (From October 1, 2016 to September 30, 2017)
Net cash provided by (used in) operating activities		
Profit before income taxes	4,337,643	4,470,554
Depreciation	369,197	746,653
Amortization of goodwill	2,600	157,104
Increase/decrease in provision () =decrease	365,975	1,996,147
Interest and dividends received	△11,807	△29,469
Interest paid	4,986	29,361
Foreign exchange gain and loss () =gain	68,932	△26,076
Equity method investment gains and losses () =gain	15,375	352,599
Gain/loss on investment in partnership () =gain	△12,425	974
Gain/loss on investment securities sold () =gain	△194,057	△936
Insurance reimbursement	—	△160,000
Gain on liquidation of subsidiary () =gain	—	△27,225
Gain/loss on change in equity () =gain	21,906	187,345
Loss on retirement of noncurrent assets	9,407	170
Information security countermeasure cost	—	270,046
Loss on disaster	1,807	—
Loss/gain on step acquisitions	△395,827	—
Increase/decrease in accounts receivable () =Increase	△801,433	△2,106,873
Increase/decrease in lease receivables () =Increase	△4,997,492	864,612
Increase/decrease in inventories () =Increase	△2,126	△55,029
Increase/decrease in advance payments-trade () =Increase	△4,077,361	△10,417,266
Increase/decrease in accounts receivable-other () =Increase	△566,500	△12,775,948
Increase/decrease in purchase debts () =decrease	420,883	644,251
Increase/decrease in accounts payable-other () =decrease	696,391	9,796,639
Increase/decrease in deposits received () =decrease	5,463,265	9,772,464
Other	△25,253	60,576
Subtotal	694,088	3,750,676
Interest and dividends income received	5,839	20,521
Interest expenses paid	△4,986	△28,849
Payment for deposit of guaranteed deposit money	△350,000	△20,000
Proceeds from returned guaranteed deposits	370,000	—
Payment on information security countermeasure	—	△227,555
Income taxes paid	△1,463,600	△1,744,838
Net cash provided by (used in) operating activities	△748,659	1,749,955

(Unit: Thousand yen)

	Previous consolidated fiscal year (From October 1, 2015 to September 30, 2016)	Current consolidated fiscal year (From October 1, 2016 to September 30, 2017)
Net cash provided by (used in) investing activities		
Purchase of property, plants and equipment	△29,109	△99,787
Purchase of intangible assets	△559,159	△1,065,087
Purchase of investment securities	△1,519,870	△221,236
Proceeds from sales and redemptions of investment securities	202,318	30,947
Purchase of stocks of subsidiaries and affiliates	△1,727,696	△466,122
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	△1,212	△69,354
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△770,095	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	1,056,596	—
Other	△97,238	△19,847
Net cash provided by (used in) investing activities	△3,415,138	△1,984,622
Net cash provided by (used in) financing activities		
Proceeds from long-term borrowings	—	4,000,000
Repayment of long-term borrowings	—	△264,739
Proceeds from issuance of common stock	2,749	250
Dividends paid	△599,399	△1,001,247
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	△8,160	△26,960
Other	△49,835	△71,735
Net cash provided by (used in) financing activities	△654,646	2,635,568
Translation differences of cash and cash equivalents	△107,624	△13,263
Increase and decrease in cash and cash equivalents () =decrease	△4,926,069	2,387,637
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	25,187,536	27,575,173

(5) Notes regarding the consolidated financial statement

(Notes regarding the going concern assumption)

N/A

(Additional information)

(Application of Guidelines for applying recoverability of deferred tax)

The group has started to apply "Guidelines for Applying Recoverability of Deferred Tax Assets" (Business Accounting Principles Guideline No. 26 issued on March 28, 2016) from the accounting period under review.

(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.

(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 (216,224 thousand yen on expenditures for information security countermeasure and 53,821 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 cumulative third quarter of the current fiscal year. Although there is no additional extraordinary expense recognition for the fourth quarter, 12,319 thousand yen out of 53,821 thousand yen (provision for information security countermeasure) has turned into actual debt in this fiscal year. Therefore, we have reported 270,046 thousand yen of information security countermeasure cost (information security countermeasure cost of 228,544 thousand yen, and provision for information security countermeasure of 41,502 thousand yen) as extraordinary expense for the fiscal year under review.

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 recognize 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 do 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 had not been billed by credit card companies as of the end of the third quarter, but we were during the fourth quarter by some credit card companies for the said expenditures. However, for the fiscal year under review, we have recorded insurance reimbursement and information security countermeasure expenses for the amounts same as the cumulative third quarter as the effect of the said expenditures on the two accounting items are insignificant.

(Segment information and others)

【Segment information】

1. Overview of reporting segments

(1) Reporting segment determination

Financial data for each component of the group's reporting segments is available, and the group's reporting segments are regularly reviewed by the board of directors to decide on allocation of corporate resources as well as to assess performance.

The group has three reporting segments: payment processing business, money service business and payment enhancement business. Businesses included in each reporting segment are as follows.

(2) Types of products or services attributable to segments

(Payment processing business)

Payment processing service that provides efficiency to merchants in online or recurring payment space as well as system developments it involves

(Money service business)

Various money service businesses (MSB) including "GMO Payment after delivery" which is an after-the-fact type of payment service involving credit risk, "early payment service", transaction lending, and "GMO Remittance service"

(Payment enhancement business)

Macro Kiosk Berhad's comprehensive service of mobile payment, authentication and notification, "GMO-PG Online advertising service", SSL server certificate, shipping service, etc.

2. Changes in reporting segments

With the start of consolidating Macro Kiosk Berhad, we have reviewed segmentation of the group's businesses for better understanding of our business results. Therefore, from the fiscal period under review, multiple business segments that used to be included in "Other" and Macro Kiosk Berhad's business have been combined as "payment enhancement business", which is now included in our new reporting segments.

Segment information for the previous fiscal year are in accordance with our new segmentation.

3. Accounting method for revenue, profit or loss, assets, liabilities and other items for each reporting segment

Accounting methodology used for the reporting segments is generally the same as that used for creation of consolidated financial statements.

Operating profit figures are shown as reporting segments profits.

Assets or liabilities are not allocated in reporting segment.

4. Data on revenue, profit or loss by reporting segment

Previous consolidated fiscal year (From October 1, 2015 to September 30, 2016)

(Unit: thousand yen)

	Reporting segments			Total	Adjustment (Note) 1	Amounts on consolidated financial statements (Note) 2
	Payment processing business	Money service business	Payment enhancement business			
Revenue						
Revenue to external clients	8,632,192	2,242,795	1,238,876	12,113,864	—	12,113,864
Internal revenue across segments as well as transfers	—	—	212	212	△212	—
Total	8,632,192	2,242,795	1,239,088	12,114,076	△212	12,113,864
Segment profit	5,066,667	216,883	159,485	5,443,036	△1,623,529	3,819,506

- (Note)1. Segment profit adjustment is the expenses of $\Delta 1,669,054$ thousand yen for the entire Company not allocated to reporting segments and cancellation of 45,524 thousand yen for transactions among segments. The Company-wide expenses are primarily the administrative expenses not attributable to reporting segments.
2. Segment profit figures are after adjustment with operating profit stated on consolidated income statement.

Current consolidated fiscal year (From October 1, 2016 to September 30, 2017)

(Unit: thousand yen)

	Reporting segments			Total	Adjustment (Note) 1	Amounts on consolidated financial statements (Note) 2
	Payment processing business	Money service business	Payment enhancement business			
Revenue						
Revenue to external clients	11,914,433	5,801,797	4,078,552	21,794,783	—	21,794,783
Internal revenue across segments as well as transfers	—	—	—	—	—	—
Total	11,914,433	5,801,797	4,078,552	21,794,783	—	21,794,783
Segment profit	6,579,818	226,080	508,382	7,314,281	$\Delta 2,298,830$	5,015,450

- (Note)1. Segment profit adjustment is the expenses of $\Delta 2,398,199$ thousand yen for the entire Company not allocated to reporting segments and cancellation of 99,369 thousand yen for transactions among segments. The Company-wide expenses are primarily the administrative expenses not attributable to reporting segments.
2. Segment profit figures are after adjustment with operating profit stated on consolidated income statement.

【Relevant information】

I. Previous consolidated fiscal year (From October 1, 2015 to September 30, 2016)

1. Information by product or service

Description is omitted since similar information is disclosed under segment information.

2. Information by region

(1) Revenue

Description is omitted since over 90 % of revenue on consolidated income statement is from Japanese external clients.

(2) Tangible assets

(Unit: thousand yen)

Japan	Asia	Total
268,413	83,867	352,280

3. Information by major client

Description is omitted since no client accounts for 10% or above of the group's consolidated revenue.

II. Current consolidated fiscal year (From October 1, 2016 to September 30, 2017)

1. Information by product or service

Description is omitted since similar information is disclosed under segment information.

2. Information by region

(1) Revenue

(Unit: thousand yen)

Japan	Asia	Total

19,101,081	2,693,702	21,794,783
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(Note) Revenue's categorization by region/country is based on the location of customers.

(2) Tangible assets

(Unit: thousand yen)

Japan	Asia	Total
322,981	76,606	399,588

3. Information by major client

Description is omitted since no client accounts for 10% or above of the group's consolidated revenue.

【Impairment loss of noncurrent assets by reporting segment】

Previous fiscal year (from October 1, 2015 to September 30, 2016) and the Current fiscal year (from October 1, 2016 to September 30, 2017)

N/A

【Goodwill amortization amount and unamortized balance by reporting segment】

I . Previous consolidated fiscal year (From October 1, 2015 to September 30, 2016)

(Unit: thousand yen)

	Reporting segment			Total	Whole company or cancelled	Total
	Payment processing business	Money service business	Payment enhancement business			
Amortized in FY 2016	2,600	—	—	2,600	—	2,600
Balance at the end of the term	990,530	—	696,152	1,686,682	—	1,686,682

II . Current consolidated fiscal year (From October 1, 2016 to September 30, 2017)

(Unit: thousand yen)

	Reporting segment			Total	Whole company or cancelled	Total
	Payment processing business	Money service business	Payment enhancement business			
Amortized in FY 2017	99,006	—	58,098	157,104	—	157,104
Balance at the end of the term	887,160	—	732,547	1,619,708	—	1,619,708

【Gain on negative goodwill by reporting segment】

Previous fiscal year (from October 1, 2015 to September 30, 2016) and the Current fiscal year (from October 1, 2016 to September 30, 2017)

N/A

(Per share data)

Previous consolidated fiscal year (From October 1, 2015 to September 30, 2016)		Current consolidated fiscal year (From October 1, 2016 to September 30, 2017)	
Net assets per share	488.88Yen	Net assets per share	554.35yen
Net profit per share	78.36Yen	Net profit per share	79.36yen
Diluted net profit per share	78.36yen	Diluted net profit per share	—

(Note) 1. Diluted net profit per share is omitted since there are no residual shares with dilution effect for the fiscal year under review.

2. To disclose accurate net profit per share as well as diluted net profit per share, shares owned by the Board Incentive Plan Trust is not included in the number of treasury shares in computing the “number of common shares during the period” since such shares have the right to a claim of dividend.

3. Net profit per share and diluted net profit per share are computed based on the following data.

	Previous consolidated fiscal year (From October 1, 2015 to September 30, 2016)	Current consolidated fiscal year (From October 1, 2016 to September 30, 2017)
Net profit per share		
Profit attributable to owners of parent (thousand yen)	2,910,926	2,948,230
Amount not attributable to common shareholders (thousand yen)	—	—
Profit attributable to owners of parent of common shares (thousand yen)	2,910,926	2,948,230
Average number of shares during the term	37,146,617.49	37,148,000
Diluted net profit per share		
Adjustment to net profit attributable to owners of the parent (thousand yen)	—	—
Increase in the number of common shares	1,302	—
(Subscription rights to shares included in the above)	(1,302)	(—)
Residual shares excluded from the calculation of diluted net profit per share due to not having dilution effect	187 Subscription rights to shares of GMO Epsilon, Inc. 230 Subscription rights to shares of GMO Financial Gate, Inc.	162 Subscription rights to GMO Epsilon, Inc. 5,205 Subscription rights to GMO Financial Gate, Inc. 100,000 Subscription rights to Macro Kiosk Berhad

4. Net assets per share is computed based on the following data.

	Previous consolidated fiscal year (September 30, 2016)	Current consolidated fiscal year (September 30, 2017)
Total net assets (thousand yen)	19,269,118	21,686,192
Amount deducted from total net assets (thousand yen)	1,108,359	1,093,045
(Subscription rights to shares included in the above)	(1,066)	(923)
(Minority interests included in the above)	(1,107,292)	(1,092,121)
Year-end net assets of common stock (thousand yen)	18,160,759	20,593,147
Year-end number of common shares used in the calculation of net assets per share	37,148,000	37,148,000

(Significant subsequent events)

N/A

5. Others

Changes of directors

- ① Change of representative director

N/A

- ② Other changes of directors (planned to be effective December 17, 2017)

- A new director candidate

Director Takehito Kaneko

- An incumbent director to retire

Director Yasuhiko Kimura