

## Fiscal Year 2015 Third Quarter Consolidated Financial Results (Japanese GAAP)

October 30, 2015

Name of Listed Company: GMO Internet, Inc.

Exchange Listing: Tokyo Stock Exchange Stock Code: 9449 URL: <http://www.gmo.jp/en>

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Date of Quarterly Report Release: November 11, 2015 Start Date of Dividend Payout: December 21, 2015

Supplementary documents available pertaining to quarterly financial results: Yes

Quarter results presentation: Yes (for institutional investors and analysts)

(all amounts rounded down to the nearest million yen)

### 1. Consolidated Third Quarter Financial Results in the Year Ending December 2015 (01.01.2015- 09.30.2015)

#### (1) Consolidated Operating Results (percentages represent year-on-year % change)

	Net Sales		Operating Profit		Ordinary Profit		Net Profit	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Nine months ended								
September 30, 2015	94,835	18.7	12,075	41.0	11,955	41.3	8,553	115.3
September 30, 2014	79,909	14.2	8,564	-0.6	8,464	-1.0	3,972	5.7

(Note) Comprehensive Income September 30, 2015: ¥9,531 million (58.3%) , September 30, 2014: ¥6,022 million (-2.2 %)

	Net Profit per Share	Net Profit per Share (Diluted)
Nine months ended	¥	¥
September 30, 2015	72.61	71.84
September 30, 2014	33.72	33.19

#### (2) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio
As of	¥ millions	¥ millions	%
September 30, 2015	547,192	55,020	6.5
Year Ended 12/2014	483,367	43,876	6.1

(Reference) Shareholders' Equity September 30, 2015: ¥35,682 million FYE12/2014: ¥29,233 million

### 2. Dividends

	Dividends per Share				
	End of Q1	End of Q2	End of Q3	End of Term	Total
	¥	¥	¥	¥	¥
Year Ended 12/2014	4.00	4.00	4.00	5.00	17.00
Year Ending 12/2015	6.00	5.00	7.00		
Year Ending 12/2015 (forecast)				19.00	37.00

(Note) Revision to forecast during the most recent quarter: yes

### 3. Consolidated Results Forecast for the Year Ending December 2015 (01.01.2015 – 12.31.2015)

(percentages shown represent year-on-year % change)

	Net Sales		Operating Profit		Ordinary Profit		Net Profit		Net Profit per Share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Full Year	121,000	10.6	14,300	10.6	14,300	12.3	13,000	122.6	110.35

(Note) Revision to forecast during the most recent quarter: yes

\*Notes

(1) Changes to significant subsidiaries in the current term: yes

Significant changes in subsidiaries in the current term (resulting in change in scope of consolidation):

New: 6 companies (GMO Venture Partners<sup>4</sup> Investment Limited Partnership and 5 other companies)

Excluded: 2 companies (GMO CLICK Investment, Inc. and 1 other company)

(2) Special accounting treatments used in preparation of financial statements: none

(3) Changes in accounting policy, changes in accounting estimates, restatements

1. Changes resulting from revisions to accounting policy: none

2. Changes other than those specified above: none

3. Changes in accounting estimates: none

4. Restatements: none

(4) No. of Outstanding Shares (Common Shares)

1. Outstanding shares at term end (inc. treasury)

Q3 FYE 12/2015	117,806,777	FYE 12/2014	117,806,777
Q3 FYE 12/2015	1,811	FYE 12/2014	1,811
Q3 FYE 12/2015	117,804,966	Q3 FYE 12/2014	117,804,966

2. Treasury shares at end term end

3. Average number of shares in the term

\*Quarterly Results Statement Audit

This results statement is subject to review under the Financial Instruments and Exchange Act, at the time this results statement was filed the review was ongoing.

\* Note regarding the appropriate use of results forecasts and other items

Projections are based on information available at the time of release and may include judgments based on factors that contain risk and are largely indeterminable. Actual results may differ materially from these projections as a result of business environment and other factors. Please refer to (3) Consolidated results forecast and other forward-looking information on page 9 for details.

Results Presentation for Investors and Analysts: October 30, 2015

Supporting materials and a video of the presentation will be made available on the company's website in English after the event.

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1. Qualitative Information related to Financial Results  
 (1) Consolidated Operating Results

Overview of Financial Results in the Nine Months to September 2015

	Previous Q3	Current Q3	Change	% Change
Net Sales	79,909	94,835	14,925	18.7%
Operating Profit	8,564	12,075	3,511	41.0%
Ordinary Profit	8,464	11,955	3,491	41.3%
Net Profit	3,972	8,553	4,581	115.3%

(Unit: ¥millions)

In the third quarter of 2015, growth was sustained in the Internet Infrastructure segment while the Internet Securities segment - with continued high trading volumes - was particularly robust. Strong earnings in Internet Securities have enabled the Group to accelerate strategic investment in Internet Infrastructure and Online Advertising & Media segments, resulting in significant gains in sales and profit in the current quarter.

Under the corporate slogan “Internet for Everyone” GMO Internet Group focuses resources on high growth Internet markets. Continued growth in the Internet is largely taking place in the mobile space, spurred by increased usage of smartphones, tablets and other mobile devices, the progression of cloud technology, the proliferation of Twitter, Facebook, LINE and other forms of social media, as well as the emerging O2O, omni-channel and C2C markets. The Internet of Things is also significant and the Group recognizes that IoT presents many new business opportunities. GMO Internet management views any growth in the volume of information available on the Internet or in the volume of transactions conducted over the Internet as an opportunity to grow profits.

Amidst a healthy external environment, the Group continued to operate under the theme of “strengthening our strengths and enhancing weaker areas with No. 1 products”. The Internet Infrastructure segment, already comprising multiple No. 1 products, invested in promoting C2C handmade market, minne with the objective of propelling the service to a strong No. 1 market. The Internet Securities segment continued to expand customer base through a cost leadership strategy. Responding to changes in the market, the Online Advertising & Media segment focused on product development and new recruitment with the objective of accelerating its shift toward a technology driven business. The Mobile Entertainment segment continued cost control efforts while developing new titles.

Third quarter consolidated net sales increased 18.7% year-on-year to ¥94,835 million. Over the same period operating profit increased 41.0% to ¥12,075 million, and ordinary profit increased 41.3% to ¥11,955 million, while net profit was up 115.3% to ¥8,553 million. All of these results are record highs.

Profits from the sale of shares in GMO CLICK Holdings contributed to a sharp increase in net profit.

Net Sales and Operating Profit by Segment in the Nine Months to September 2015

(Unit: ¥millions)

	Previous Q3	Current Q3	Change	% Change
Internet Infrastructure				
Net Sales	34,191	40,512	6,321	18.5%
Operating Profit	3,508	3,015	-493	-14.1%
Online Advertising & Media				
Net Sales	25,810	30,237	4,426	17.1%
Operating Profit	1,281	870	-410	-32.1%
Internet Securities				
Net Sales	16,004	23,042	7,038	44.0%
Operating Profit	3,774	7,767	3,993	105.8%
Mobile Entertainment				
Net Sales	4,911	3,318	-1,593	-32.4%
Operating Profit	-999	-300	699	-
Incubation				
Net Sales	1,282	780	-501	-39.1%
Operating Profit	731	463	-267	-36.6%
Other				
Net Sales	-	6	6	-
Operating Profit	-	-67	-67	-
Adjustment				
Net Sales	-2,290	-3,062	-771	-
Operating Profit	267	326	58	-
Total				
Net Sales	79,909	94,835	14,925	18.7%
Operating Profit	8,564	12,075	3,511	41.0%

Overview of Financial Results in the Three Months to September 2015

(Unit: ¥millions)

	Previous Q3	Current Q3	Change	% Change
Net Sales	27,455	31,263	3,808	13.9%
Operating Profit	3,599	3,584	-14	- 0.4%
Ordinary Profit	3,528	3,585	56	1.6%
Net Profit	1,248	1,457	208	16.7%

In the three months to September, the Infrastructure segment performed well amidst an expanding Internet market. Internet Securities was also strong as trading volumes in the segment remained high.

In Infrastructure, the Group invested in the promotion of C2C handmade market, minne (¥330 million), and in Online Advertising & Media there was also strategic investment in recruitment and product development with the objective of accelerating a technology shift (¥90 million) in the segment. Although there was a decrease (Operating profit ¥829 million in previous year) in the Incubation segment, strong results in Internet Securities drove growth in sales and profit.

## Net Sales and Operating Profit by Segment in the Three Months to September 2015

(Unit: ¥millions)

	Previous Q3	Current Q3	Change	% Change
Internet Infrastructure				
Net Sales	11,515	14,141	2,625	22.8%
Operating Profit	1,154	887	-266	-23.1%
Online Advertising & Media				
Net Sales	8,467	9,556	1,088	12.9%
Operating Profit	380	216	-164	-43.2%
Internet Securities				
Net Sales	5,657	7,681	2,023	35.8%
Operating Profit	1,291	2,553	1,261	97.7%
Mobile Entertainment				
Net Sales	1,541	981	-560	-36.3%
Operating Profit	-177	-137	39	-
Incubation				
Net Sales	1,261	8	-1,252	-99.3%
Operating Profit	829	-40	-869	-
Other				
Net Sales	-	2	2	-
Operating Profit	-	-26	-26	-
Adjustment				
Net Sales	-989	-1,109	-119	-
Operating Profit	119	130	11	-
Total				
Net Sales	27,455	31,263	3,808	13.9%
Operating Profit	3,599	3,584	-14	-0.4%

### Segment Report

#### 1) Internet Infrastructure

The Internet Infrastructure segment provides the basic Internet services required to operate a business or communicate information in an online environment. Domain, hosting & cloud, security, ecommerce solutions, and payment - the five major businesses in this segment – each hold top share in their respective markets in Japan. In addition the segment includes consumer Internet provider services. The following is a breakdown of results in each of the businesses comprising this segment.

##### i. Domain

Gateway to the Group's infrastructure segment, the domain business continued to actively grow customer base with a low-pricing strategy. Current growth in registration volume is strong. Domain registration and renewals grew 2.5% to 1.11 million, and total domains under management rose 13.7% to 5.34 million. Net sales grew 10.3% year-on-year to ¥1,490 million.

##### ii. Hosting & Cloud

The hosting & cloud business responded to growing sophistication and diversification of client needs through cloud-based, dedicated, shared and VPS offerings under a multi-brand strategy. In the external environment we saw rising demand for cloud hosting services over traditional hosting. GMO AppsCloud, a cloud based hosting solution optimized for mobile game developers and operators grew along with general cloud hosting services.

Overall web hosting contracts increased 3.7% over the previous corresponding term to 764 thousand and net sales grew 1.4% year-on-year to ¥3,465 million.

#### iii. Ecommerce solutions

Ecommerce solutions comprises SaaS based services for online stores and C2C handmade market, minne. In an expanding market, focus was on growing customer transaction volume through enhancement of service functionality. Significant investment was channeled into TV commercials, live events and other promotion of minne, as well as improving the C2C market's smartphone app. At the end of the quarter, number of stores had increased 2.1% year-on-year to 73,000 and total transaction volume rose 12.5% to ¥58.8 billion.

Ecommerce solutions reported net sales of ¥1,635 million (32.7% year-on-year increase).

#### iv. Security

In this sub-segment, sales expanded both in Japan and globally and overseas revenue ratio surpassed 60%, as a result of active sales partners and enhanced direct sales targeting large corporations.

Security reported net sales of ¥1,031 million (42.5% year-on-year increase).

#### v. Payment

Payment services are operated by GMO Payment Gateway and affiliates. The market environment was favorable as ecommerce continued to expand and progress into new fields beyond online sales. In the current quarter, focus remained on growing number of merchants, number of transactions and transaction volume, with the expansion of transaction lending and early remittance services. Ancillary offerings including financial services, and marketing support services were enhanced. Overall number of merchants increased 19.8% over the previous corresponding term to 59 thousand and transaction volume grew 16.0% year-on-year to ¥413 billion. An increase in transaction volume per merchant, primarily driven by larger-size ecommerce stores contributed to net sales growth of 37.5% year-on-year to ¥2,521 million.

#### vi. Provider

This sub-segment operates Internet Provider Services for consumers. In the current quarter, number of mobile wifi users grew 24.5% to 348 thousand as a result of recent cost effective marketing, and an expanding mobile Internet market. Net sales grew 33.1% year-on-year to ¥2,751 million.

Market share was expanded in each of the key Internet Infrastructure businesses in the period under review and overall net sales increased a significant 22.8% year-on-year to ¥14,141 million, while operating profit decreased 23.1% year-on-year to ¥887 million after ¥330 million was invested in the promotion of C2C handmade market, minne.

## 2) Online Advertising & Media

The Online Advertising & Media segment provides marketing solutions for online businesses. The following is a breakdown of results in each of the businesses comprising this segment.

#### i. Online Advertising

This sub-segment provides comprehensive Internet advertising services. Trends in the online advertising market include a shift from managed advertising placement toward listing and other ad network products.

In the third quarter, GMO AD Partners had strong results in ad network products. However, the segment faces the challenge of improving earnings by increasing ratio of in-house developed products. Focus remained on in-house product development and recruitment as the company

responded to changes in market environment. GMO TECH reward and ad network products continued to perform well. Net sales in online advertising increased 13.9% from the previous year to ¥5,587 million.

#### ii. Internet Media

This sub-segment provides advertising space within our own smartphone and PC content services and marketing support services. In particular the smartphone app business is growing as fashion sharing network, CoordiSnap, and camera app, Girls Camera expand user base both in Japan and internationally. Net sales in this sub-segment increased 7.2% to ¥3,263 million.

Overall, in the Online Advertising & Media segment, net sales totaled ¥9,556 million (12.9% year-on-year increase). Operating profit fell 43.2% year-on-year to ¥216 million as the segment responded to changes in the online ad market and invested in developing new, high-margin products. In addition the segment invested in accelerating a technology shift (¥90 million). Going forward, focus in this segment will be on developing new products to accelerate the shift toward a technology driven business.

#### 3) Internet Securities

The Internet Securities segment operates consumer financial services. Under a cost leadership strategy, the segment has worked to increase number of accounts, customer assets held, and transaction volume. In the current quarter, number of FX accounts grew 12.6% year-on-year to 581,000, while number of Securities accounts grew 21.2% year-on-year to 264,000.

FX volatility has remained relatively high and trading volume reached ¥356 trillion in the third quarter almost double the volume of the same quarter in the previous year.

In addition to active trading of FX and securities, new services including CFD trading has grown.

Overall performance was strong, net sales in the Internet Securities segment totaled ¥7,681 million (35.8% year-on-year increase) and operating profit was ¥2,553 million (97.7% year-on-year increase).

#### 4) Mobile Entertainment

This segment comprises smartphone and online game development and operations. In the mobile game market, GooglePlay, AppStore and other app markets are growing as usage of smartphone and tablet devices increases.

In the third quarter, major titles including Minerva Knights experienced a slight drop in sales having now been on the market for some time. Further, as the internalization of development and operations continued, some competing titles were streamlined. Although new title “Chain Heroes” was launched at the end of July, contribution to net sales was limited.

In the Mobile Entertainment segment, net sales fell 36.3% to ¥981 million, and operating loss was ¥137 million (¥177 million operating loss in the previous corresponding term). Having reduced costs and internalized all operations and development, we are in a position to run a cost efficient business with the potential to produce a hit title.

#### 5) Incubation Segment

The Incubation segment invests in expanding business and building enterprise value in Internet-related companies. In the current quarter, revenue was ¥8 million (99.3% year-on-year decrease) following the sale of investment securities, while the segment reported an operating loss of ¥40 million (¥829 million operating profit reported in the previous corresponding term).



(Reference1)

## Changes in Operating Results and Financial Condition by Quarter

(Unit: ¥millions)

	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
Net Sales	27,455	29,458	32,583	30,988	31,263
Operating Profit	3,599	4,367	3,850	4,640	3,584
Ordinary Profit	3,528	4,270	3,882	4,488	3,585
Net Profit	1,248	1,868	1,862	5,234	1,457
Total Assets	471,724	483,367	548,045	555,055	547,192
Shareholders' Equity	27,543	29,233	30,141	34,950	35,682

(Reference2)

## Table: Quarterly Results by Segment

## I Net Sales by Segment

(Unit: ¥millions)

	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
<b>Internet Infrastructure</b>					
Provider	2,067	2,094	2,372	2,584	2,751
Domain	1,351	1,374	1,532	1,516	1,490
Hosting & Cloud	3,418	3,436	3,482	3,436	3,465
Ecommerce Solutions	1,232	1,163	1,344	1,442	1,635
Security	724	1,048	998	1,137	1,031
Payment	1,833	1,896	2,152	2,174	2,521
Other	888	978	1,156	1,039	1,246
Total	11,515	11,991	13,040	13,330	14,141
<b>Online Advertising &amp; Media</b>					
Online Advertising	4,906	5,739	7,439	5,246	5,587
Internet Media	3,045	3,139	3,516	3,300	3,263
Internet Research & Other	515	619	647	529	705
Total	8,467	9,498	11,604	9,076	9,556
<b>Internet Securities</b>					
Total	5,657	6,986	7,522	7,838	7,681
<b>Mobile Entertainment</b>					
Total	1,541	1,485	1,279	1,056	981
<b>Incubation</b>					
Total	1,261	487	99	672	8
Sub total	28,445	30,448	33,546	31,974	32,370
Other	-	-	0	2	2
Adjustment	-989	-990	-964	-989	-1,109
Net Sales	27,455	29,458	32,583	30,988	31,263

## II Operating Profit by Segment

	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
Internet Infrastructure	1,154	1,283	1,021	1,105	887
Online Advertising & Media	380	354	519	134	216
Internet Securities	1,291	2,469	2,287	2,926	2,553
Mobile Entertainment	-177	-108	-66	-95	-137
Incubation	829	281	9	494	-40
Sub total	3,479	4,279	3,772	4,564	3,480
Other	-	-	-19	-20	-26
Adjustment	119	87	98	96	130
Operating Profit	3,599	4,367	3,850	4,640	3,584

(Reference3)

Description of businesses in each segment

Business Segment		Main Operations
Internet Infrastructure	Domain	<ul style="list-style-type: none"> <li>Domain registration services include Onamae.com, MuuMuu Domain, VALUE DOMAIN. Provision of domain name registrations (.com, .net, .jp .nagoya, .tokyo, .yokohama etc.)</li> </ul>
	Hosting & Cloud	<ul style="list-style-type: none"> <li>Provision, operation, management, and maintenance of dedicated, shared, VPS and cloud-based web hosting services including Onamae.com Rental Server, GMO AppsCloud, ConoHa by GMO, GMO Cloud VPS, GMO Cloud Altus, GMO Cloud Private, Lolipop, heteml, Sqale and 30days Album</li> </ul>
	Ecommerce Solutions	<ul style="list-style-type: none"> <li>SaaS based services for online store building including Color me shop! MakeShop, and Jugem Cart</li> <li>Operation of online shopping mall Calamel etc.</li> <li>Operation of handmade marketplace, minne, tetote</li> <li>Operation of ecommerce/O2O support services</li> <li>Web design, operational support and system consulting</li> </ul>
	Security	<ul style="list-style-type: none"> <li>DomainSSL, OrganizationSSL, other SSL certificates, code signing certificates, PDF document signing, client certificates and other digital certificate services</li> </ul>
	Payment	<ul style="list-style-type: none"> <li>GMO Payment Gateway services including PG Multi-Payment Service and payment processing services for the public sector</li> </ul>
	Provider	<ul style="list-style-type: none"> <li>GMO TokuToku BB, interQ MEMBERS, ZERO, and other Internet provider services.</li> </ul>
Online Advertising & Media	Online Advertising	<ul style="list-style-type: none"> <li>Listing and mobile (GMO SmaAD) ad networks, search engine advertising, affiliate advertising, reward advertising</li> <li>Advertising planning and production</li> </ul>
	Internet Media	<ul style="list-style-type: none"> <li>Development and operation of blog services yaplog! and JUGEM, Internet community services including freeml, ebook publishing service Puboo, Smartphone apps including fashion sharing app, Coordisnap. Operation of daily deals website, Kumapon by GMO, Ad distribution to own media and search engine results pages</li> <li>SEM Media: JWord, sales of JWord, Japanese keywords.</li> </ul>
	Internet Research & Other	<ul style="list-style-type: none"> <li>Provision of Internet research systems, management and operation of online research panel (GMO Research Cloud Panel)</li> </ul>
Internet Securities	Internet Securities	<ul style="list-style-type: none"> <li>Operation of online securities trading, FX trading services etc.</li> </ul>
Mobile Entertainment	Mobile Entertainment	<ul style="list-style-type: none"> <li>Smartphone game development, operation &amp; support</li> <li>Online game development and operation</li> </ul>
Incubation	Venture Capital	<ul style="list-style-type: none"> <li>Investment in private Internet startups.</li> </ul>

(2) Consolidated Financial Condition  
Assets, Liabilities and Shareholders' Equity

Assets

At the end of the third quarter of fiscal year 2015 (September 30, 2015), assets had increased ¥63,824 million (13.2%) from the end of the previous fiscal year to ¥547,192 million. Significant factors included a ¥2,652 million (3.8%) decrease in cash, and a ¥60,539 million (16.4%) increase in assets due to fluctuations in customer assets (deposits, short-term deposits, margin transaction assets and variation paid) in the Securities segment.

Liabilities

At the end of the third quarter liabilities had increased ¥52,680 million (12.0%) from the end of the previous fiscal year to ¥492,171 million. Fluctuations in liabilities are chiefly attributable to fluctuations in customer assets in the Securities segment resulting in an increase in liabilities of ¥18,721 million (5.2%), an increase in short term debt of ¥31,054 million (139.2%) to grow liquidity on hand in Internet Securities following growth in transaction volume at the end of the current quarter.

Net Assets

At the end of the third quarter, net assets had increased ¥11,144 million (25.4%) from the end of the previous fiscal year to ¥55,020 million. Movements in net assets included an increase of ¥6,697 million (34.4%) in earnings surplus (net profit totaling ¥8,553 million and dividend payments of ¥1,884 million), and an increase of ¥4,676 million (32.0 %) in dividends paid to minority shareholders.

Cash Flow

At the end of the third quarter of fiscal year 2015 (September 30, 2015), cash and equivalents had increased ¥803 million (1.2 %) from the end of the previous fiscal year to ¥65,841 million. The following is a summary of cash flow activity in the period under review.

Cash Flow from Operating Activities

Outflow in operating activities was ¥33,942 million (¥1,967 million generated in the previous corresponding term). Major items included net profit before tax and other adjustments (¥16,330 million), depreciation (¥3,250 million), goodwill amortization (¥1,249 million). Customer assets in the Internet Securities segment increased contributing to an increase of ¥41,818 million in assets, and ¥2,522 million was paid out in corporate tax payments.

Cash Flow from Investing Activities

Inflow from investing activities totaled ¥5,885 million (¥3,253 million inflow in the previous corresponding term). Contributing factors chiefly included a gain on the sale of shares in GMO CLICK Holdings (¥5,770 million), a net decrease in fixed deposits (¥3,453 million), the acquisition of server equipment and other fixed assets (¥758 million) software license updates, the acquisition of other intangible fixed assets (¥1,621 million).

Cash Flow from Financing Activities

Inflow from financing activities totaled ¥28,669 million (¥18,390 million inflow in the previous corresponding term). Significant items include repayment of interest bearing debt (¥9,612 million), dividend payments (¥1,889 million), dividend payments to minority shareholders (¥447 million), changes in short and long term debt to increase liquidity-on-hand (¥35,688 million), and a capital increase in a subsidiary (¥4,183 million).

(3) Qualitative Information - Consolidated Results Forecasts and Other Forward-Looking Information

The results forecast for the current fiscal year (previously published in the 2015 Consolidated Results Statement on July 30, 2015), is revised. Please refer to the separate disclosure titled Notice of Upward Revision to Full Year Earnings and Dividend Forecasts for details (¥11 dividend increase).

## 2. Summary of Information Related to Notes

### (1) Changes to significant subsidiaries in the current term

In the second quarter of the current fiscal year, GMO Venture Partners4 Investment Limited Partnership was newly established, and GMO AD Marketing, Inc. GMO Research PTE. LTD (Singapore), GMO Research, Inc. (Shanghai), Social Ad & Commerce Technology Fund Investment Partnership, and GMO Culture Incubation, Inc. were added to the consolidation due to their increased significance. GMO CLICK Investment Inc. and Gyokuhokan, Inc. were excluded from the consolidation after holdings in the companies were sold off.

### (2) Special accounting treatments used in preparation of financial statements

None

### (3) Changes in accounting policy, changes in accounting estimates, restatements

None

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

(Unit: ¥millions)

	Previous Fiscal Year (As of Dec 31, 2014)	3rd Quarter Current Fiscal Year (As of Sep 30, 2015)
<b>Assets</b>		
Current Assets		
Cash and deposits	69,548	66,895
Trade notes and accounts receivable	9,587	10,824
Operational investment securities	1,415	2,019
Securities segment deposits	227,981	253,964
Securities segment margin transaction assets	94,522	103,466
Securities segment short term guarantee deposits	30,378	45,188
Securities segment variation margin paid	15,311	26,114
Deferred tax asset	1,967	1,947
Other	11,035	15,992
Provision for doubtful debts	-482	-787
<b>Total Current Assets</b>	<b>461,267</b>	<b>525,626</b>
Fixed Assets		
Tangible fixed assets	7,527	6,767
Intangible fixed assets		
Goodwill	3,946	3,019
Software	4,258	4,739
Other	1,225	1,094
<b>Total intangible fixed assets</b>	<b>9,431</b>	<b>8,852</b>
Investments and other assets		
Investment securities	2,366	2,771
Deferred tax asset	848	1,007
Other	2,269	2,543
Provision for doubtful debts	-343	-376
<b>Total investments and other assets</b>	<b>5,141</b>	<b>5,945</b>
<b>Total Fixed Assets</b>	<b>22,100</b>	<b>21,565</b>
<b>Total Assets</b>	<b>483,367</b>	<b>547,192</b>
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	4,123	4,224
Short term debt	22,309	53,363
Bonds to be redeemed within one-year	—	2,600
Amount payable	8,380	9,022
Securities segment deposits received	30,175	29,833
Securities segment margin transaction liability	83,811	83,085
Securities segment guarantees received	232,637	259,084
Securities segment variation margin received	10,180	3,521
Accrued corporate tax etc.	1,424	5,135
Allowance for bonuses	315	924
Allowance for bonuses to directors	209	259
Advance payment received	4,381	4,837
Deposits received	21,480	21,840
Other	6,640	6,100
<b>Total Current Liabilities</b>	<b>426,068</b>	<b>483,833</b>

	(Unit: ¥millions)	
	Previous Fiscal Year (As of Dec 31, 2014)	3rd Quarter Current Fiscal Year (As of Sep 30, 2015)
<b>Fixed Liabilities</b>		
Long term debt	7,692	2,615
Deferred tax liability	80	55
Other	3,682	3,378
<b>Total Fixed Liabilities</b>	<b>11,454</b>	<b>6,049</b>
<b>Statutory Reserve</b>		
Financial instruments transaction liability reserve	1,967	2,288
<b>Total Statutory Reserve</b>	<b>1,967</b>	<b>2,288</b>
<b>Total Liabilities</b>	<b>439,491</b>	<b>492,171</b>
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Capital stock	100	5,000
Capital surplus	8,736	3,836
Earned surplus	19,448	26,146
Treasury stock	-0	-0
<b>Total Shareholders' Equity</b>	<b>28,283</b>	<b>34,981</b>
<b>Other Comprehensive Income</b>		
Other securities valuation differences	256	214
Hedging profit/loss carried forward	-10	8
Foreign currency translation account	703	477
<b>Total Other Comprehensive Income</b>	<b>949</b>	<b>700</b>
Equity Warrants	20	38
Minority Equity	14,623	19,299
<b>Total Net Assets</b>	<b>43,876</b>	<b>55,020</b>
<b>Liabilities, Net Assets Total</b>	<b>483,367</b>	<b>547,192</b>

## (2) Consolidated Statement of Income

## Quarter Consolidated Statement of Income

(Unit: ¥millions)

	3rd Quarter Previous Fiscal Year (9 months to Sep, 2014)	3rd Quarter Current Fiscal Year (9 months to Sep, 2015)
Net Sales	79,909	94,835
Cost of Sales	37,443	44,500
Gross Profit on Sales	42,466	50,334
Sales, General & Administrative Expenses	33,901	38,258
Operating Profit	8,564	12,075
Non Operating Revenue		
Gain on currency translation	53	80
Equity method investment profits	7	29
Other	217	250
Total Non Operating Revenue	278	360
Non Operating Expenses		
Interest paid	223	147
Commissions paid	35	143
Other	119	189
Total Non Operating Expenses	378	480
Ordinary Profit	8,464	11,955
Extraordinary Profit		
Gain on sale of investment securities	159	4,786
Gain on change in equity	727	652
Other	146	166
Total Extraordinary Profit	1,033	5,606
Extraordinary Loss		
Impairment loss	378	624
Provision to securities transaction liability reserve	380	321
Other	189	285
Total Extraordinary Loss	948	1,231
Net Profit before Adjustment for Tax etc.	8,548	16,330
Corporate, Municipal and Enterprise Taxes	2,324	6,633
Corporate Tax etc. Adjustment	760	-109
Total Corporate Taxes etc.	3,085	6,523
Net Profit before Minority Equity Adjustment	5,463	9,807
Minority Interests	1,491	1,253
Net Profit	3,972	8,553

Consolidated Statement of Comprehensive Income

(Unit: ¥millions)

	3rd Quarter Previous Fiscal Year (9 months to Sep, 2014)	3rd Quarter Current Fiscal Year (9 months to Sep, 2015)
Net Profit before Minority Equity Adjustment	5,463	9,807
Other Comprehensive Income		
Other securities valuation differences	505	-99
Hedging profit/loss carried forward	4	18
Currency translation adjustment account	48	-195
Total other comprehensive income	558	-276
Comprehensive Income	6,022	9,531
(Breakdown)		
Comprehensive income attributable to parent company shareholders	4,240	8,305
Comprehensive income attributable to minority shareholders	1,781	1,226



## (3) Consolidated Statement of Cash Flows

(Unit: ¥millions)

	3rd Quarter Previous Fiscal Year (9 months to Sep, 2014)	3rd Quarter Current Fiscal Year (9 months to Sep, 2015)
<b>Cash Flow from Operating Activities</b>		
Net profit before adjustment for tax etc.	8,548	16,330
Depreciation expenses	3,318	3,250
Impairment loss	378	624
Amortization of goodwill	1,170	1,249
Gain or loss on change in equity investees (- represents gain)	-726	-604
Interest paid	223	147
Gain on sale of shares in affiliated company (-represents increase)	-159	-4,677
Change in accounts receivable (-represents increase)	149	-719
Change in purchase debts (- represents decrease)	-423	-1,466
Change in amount payable (- represents decrease)	197	-515
Change in deposits received (- represents decrease)	-2,267	309
Change in deposits in securities segment (- represents increase)	-21,014	-25,983
Change in short term guarantee deposits in securities segment (-represents increase)	-2,233	-14,809
Change in margin variation paid and received in securities segment	-2,457	-17,460
Changes in deposits and guarantees received in securities segment (- represents decrease)	9,719	26,105
Changes in margin transaction assets and liabilities	4,702	-9,669
Other	1,519	-3,234
Sub total	646	-31,125
Interest and dividends received	48	86
Interest paid	-223	-381
Corporate tax etc. paid	-2,439	-2,522
<b>Cash Flow from Operating Activities</b>	<b>-1,967</b>	<b>-33,942</b>
<b>Cash Flow from Investing Activities</b>		
Expenditure on payment of fixed term deposit	-750	-160
Return of fixed term deposit	—	3,613
Expenditure on acquisition of tangible fixed assets	-565	-758
Expenditure on acquisition of intangible fixed assets	-1,194	-1,621
Expenditure on acquisition of investment securities	-209	-906
Income accrued on the sale of investment securities	267	214
Income from sale of shares in affiliated company	—	5,770
Expenditure on the acquisition of subsidiary stock resulting in change in scope of consolidation	—	-285
Income from the sale of subsidiary stock resulting in change in scope of consolidation	26	272
Other	-828	-252
<b>Cash Flow from Investing Activities</b>	<b>-3,253</b>	<b>5,885</b>

	3rd Quarter Previous Fiscal Year (9 months to Sep, 2014)	3rd Quarter Current Fiscal Year (9 months to Sep, 2015)
<b>Cash Flow from Financing Activities</b>		
Income accrued on short term loans	112,470	195,998
Expenditure on repayment of short term loans	-88,406	-162,309
Income accrued on long term loans	—	2,000
Expenditure on repayment of long term loans	-2,460	-9,612
Income from issuing bond	—	2,600
Payment received from partners in investment funds	10	550
Returns to partners in investment funds	-25	-1,077
Proceeds from share insurance to minority shareholders	50	4,183
Payment of dividends	-1,545	-1,889
Payment of dividends to minority shareholders	-369	-447
Other	-1,333	-1,326
<b>Cash Flow from Financing Activities</b>	<b>18,390</b>	<b>28,669</b>
Currency Translation Adjustment on Cash and Equivalents	107	-113
<b>Change in Cash and Equivalents (- represents decrease)</b>	<b>13,277</b>	<b>499</b>
Balance of Cash and Equivalents at Beginning of Term	52,823	65,038
<b>Increase in Cash and Equivalents following Increase in Consolidation</b>	<b>119</b>	<b>303</b>
<b>Balance of Cash and Equivalents at End of Term</b>	<b>66,220</b>	<b>65,841</b>

(4) Notes regarding the Consolidated Financial Statements  
Notes regarding the going concern assumption  
None

Notes regarding changes impacting shareholders' equity  
None

#### Segment Data

I 3rd Quarter of Previous Fiscal Year (01.01.2014-09.30.2014)

1. Information relating to Revenue, Profit and Loss in each Segment.

(Unit: ¥millions)

	Segment						Other	Adjustment (*1)	Consolidated P/L (*2)
	Internet Infrastructure	Online Ad & Media	Internet Securities	Mobile Entertainment	Incubation	Total			
Net Sales									
Sales to unaffiliated customers	33,598	24,122	16,003	4,902	1,282	79,909	-	-	79,909
Internal transactions	592	1,688	0	9	-	2,290	-	-2,290	-
Total	34,191	25,810	16,004	4,911	1,282	82,200	-	-2,290	79,909
Segment Profit/Loss	3,508	1,281	3,774	-999	731	8,296	-	267	8,564

\*Notes

- i. The segment profit or loss adjustment (¥267 million) is an adjustment for internal segment transactions.
- ii. Segment profit is based on the Operating Profit (or Loss) line item in the consolidated Statement of Income.

2. Notes regarding Fixed Assets, Depreciation and Goodwill Reportable Segments

(Significant impairment losses on fixed assets)

Impairment losses on fixed assets are reported in the Mobile Entertainment, Internet Infrastructure, and Online Advertising & Media segments. Amount of impairment loss in each segment in the third quarter is as follows;

Mobile Entertainment: ¥279 million, Internet Infrastructure: ¥45 million, Online Advertising & Media: ¥53 million.

II 3rd Quarter of Current Fiscal Year (01.01.2015-09.30.2015)

Information relating to Revenue, Profit and Loss in each Segment.

(Unit: ¥millions)

	Segment						Other (*1)	Adjustment (*2)	Consolidated P/L (*3)
	Internet Infrastructure	Online Ad & Media	Internet Securities	Mobile Entertainment	Incubation	Total			
Net Sales									
Sales to unaffiliated customers	39,926	27,788	23,042	3,290	780	94,829	6	-	94,835
Internal transactions	586	2,448	0	27	-	3,062	-	- 3,062	-
Total	40,512	30,237	23,042	3,318	780	97,891	6	- 3,062	94,835
Segment Profit/Loss	3,015	870	7,767	- 300	463	11,816	- 67	326	12,075

\*Notes

- i. Other includes businesses not included in reportable segments. Culture incubation is in this line item.
- ii. The segment profit or loss adjustment (¥326 million) is an adjustment for internal segment transactions.
- iii. Segment profit is based on the Operating Profit (or Loss) line item in the consolidated Statement of Income.

2. Notes regarding Fixed Assets, Depreciation and Goodwill Reportable Segments

(Significant impairment losses on fixed assets)

Impairment losses on fixed assets are reported in the Mobile Entertainment, Internet Infrastructure, and Online Advertising & Media segments. Amount of impairment loss in each segment in the third quarter is as follows;

Mobile Entertainment: ¥385 million, Internet Infrastructure: ¥147 million, Online Advertising & Media: ¥91 million.

#### Significant Post Balance Sheet Events

##### Extraordinary Profit (Profit on sale of shares in subsidiary)

At a GMO Internet Board of Directors meeting convened on October 30, 2015, it was agreed to transfer part of GMO Internet's holdings in consolidated subsidiary GMO CLICK Holdings, to Daiwa Securities Group, Inc.

##### (1) Objective of Sale of Shares

As reported in the disclosure statement of October 30, 2015 titled "GMO CLICK Holdings and Daiwa Securities Group execute Memorandum of Understanding with view to forming business alliance. Share transfer of partial holdings in GMO CLICK Holdings", GMO CLICK HD, GMO CLICK Securities, Daiwa Securities Group and its subsidiary Daiwa Securities agreed to execute a memorandum of understanding regarding a business alliance, with the expectation that an alliance would increase corporate value by mutually utilizing managerial resources to improve quality of service and convenience to customers. At the same time Daiwa Securities Group made the decision to acquire shares in GMO CLICK HD.

The four companies today executed the memorandum of understanding regarding a business alliance, with the expectation that an alliance would increase corporate value by mutually utilizing managerial resources to improve quality of service and convenience to customers. At the same time Daiwa Securities Group made the decision to acquire shares in GMO CLICK HD.

##### (2) Purchaser

Daiwa Securities Group Inc.

##### (3) Date of Sale

October 30, 2015

##### (4) Details of subsidiary in which shares are sold

- i. Company Name: GMO CLICK Holdings, Inc.
- ii. Business Description: Financial services holding company

##### (5) Number of shares sold, sales value, gain on sale, and ownership ratio

- i. Number of shares sold: 11,100,000 common shares
- ii. Sale value: ¥9,701 million
- iii. Gain on sale of stock in affiliate company: ¥7,551 million
- iv. Ownership ratio after sale: 83.1% (based on total number of outstanding shares as of September 2015)