

Summary of Consolidated Financial Statements for FY2020 (IFRS)

November 11, 2020

Exchange: First Section of Tokyo Stock Exchange

Name of listed company: GMO Payment Gateway, Inc.

Stock code: 3769

URL: <https://www.gmo-pg.com/en/corp/>

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President & Chief Executive Officer

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Scheduled date for the holding of the ordinary general shareholders' meeting: December 20, 2020
Scheduled date of commencement for dividend payment: December 21, 2020

Scheduled submission date of securities report: December 21, 2020

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 FY2020 (From October 1, 2019 to September 30, 2020)

(1) Consolidated Financial Statements

(Percentages represent year-on-year change)

	Revenue		Operating profit		Profit before income taxes		Profit after tax		Profit attributable to owners of parent		Total comprehensive income	
	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%
FY 2020	33,046	22.7	10,388	8.6	10,989	18.2	7,693	52.3	7,624	44.7	8,258	86.6
FY 2019	26,922	-	9,562	-	9,297	-	5,052	19.0	5,267	23.8	4,426	△27.3

	Basic earnings per share	Diluted earnings per share	Return on equity using Profit attributable to owners of parent	Return on Assets using profit before income taxes	Operating profit margin
	Yen	Yen	%	%	%
FY 2020	103.62	101.04	26.2	6.6	31.4
FY 2019	71.61	70.09	20.5	7.2	35.5

Reference: Equity in earnings of affiliates: FY2020 517 Million yen FY2019 △19 Million yen

(Note) Macro Kiosk Berhad has been deconsolidated from of Fiscal Year Ending September 2020 and has been reclassified as discontinued operations. As a result, revenue, operating profit and profit before income taxes exclude discontinued operations and present the amounts for continuing operations only. The corresponding figures in the previous year of FY2019 have been similarly restated, and the year-on-year percentage figures for FY2019 not shown for this reason.

The FY2020 operating profit of ¥10,388 mil. is a growth rate of 25.1% when compared to the previous term's operating profit of ¥8,301 mil. that was announced in the "Summary of Consolidated Financial Statement for Fiscal Year Ending September 2019" on November 12, 2019. For details, please refer to page 27, "⑨Discontinued operations" found in "(6) Notes regarding condensed consolidated financial statements," under "4. Condensed consolidated financial statements and major notes".

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Total equity attributable to owners of parent to total assets	Total equity attributable to owners of parent per share
	Mil. Yen	Mil. Yen	Mil. Yen	%	Yen
FY 2020	192,022	33,453	31,734	16.5	431.25
FY 2019	139,990	27,539	26,494	18.9	360.17

(2) 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
	Mil. Yen	Mil. Yen	Mil. Yen	Mil. Yen
FY 2020	49,188	△4,493	△785	95,830
FY 2019	1,311	858	7,959	52,013

2. Dividends

	Full-year dividend					Total Dividend Amount	Dividend Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2019	0.00	0.00	0.00	36.00	36.00	2,674	50.3	10.3
FY 2020	0.00	0.00	0.00	52.00	52.00	3,863	50.2	13.1
FY 2021 (forecast)	0.00	0.00	0.00	54.00	54.00		50.1	

3. Consolidated Financial Forecast for the FY2021 (From October 1, 2020 to September 30, 2021)

(Percentages represent year-on-year change)

	Revenue		Operating profit		Profit before income taxes		Profit after tax		Profit attributable to owners of parent		Basic earnings per share
	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Yen
2Q of FY2021 (cumulative)	19,115	23.4	6,492	38.5	6,240	18.9	3,899	12.9	3,856	13.1	52.41
Full Year	39,792	20.4	12,985	25.0	12,426	13.1	8,042	4.5	7,930	4.0	107.78

Note: The revenue, operating profit and profit before income taxes present the continuing operations only and the year-on-year percentages are computed by restating the corresponding previous term's figures on a similar basis.

Notices:

- (1) Changes of important subsidiaries during the period (change of specific subsidiaries that leads to a change in the scope of consolidation): No
 Number of new subsidiaries: - (Name:), Number of excluded subsidiaries: - (Name:)
- (2) Changes in the accounting policy / changes in the accounting estimation
 - [1] Changes in accounting policy required by IFRS.: Yes
 - [2] Changes in accounting policy other than [1]: No
 - [3] Changes in accounting estimations: No
 Note: For details please refer to page ③Significant accounting policies” found under “(6) Notes regarding the consolidated financial statement.”
- (3) Number of shares issued (common stock)
 - [1] Number of shares issued at the end of the term FY2020: 74,301,000 FY 2019: 74,301,000
 (including treasury stock)
 - [2] Number of treasury shares at the end of the term FY2020: 714,781 FY 2019: 739,281
 - [3] Average number of shares during the term FY2020: 73,579,725 FY2019: 73,562,191
 (quarterly average)
 (Note) Number of treasury shares at the end of the term includes the shares attributed to the directors’ remuneration board incentive plan (BIP) trust and J-ESOP: 734,205 shares for FY2019 and 709,705 shares for FY2020.

Reference: Summary of Non-consolidated Financial Statements

1. Consolidated Financial Statements for the FY2020 (From October 1, 2019 to September 30, 2020)

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

	Revenue		Operating profit		Ordinary Profit		Net Profit	
	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%
FY 2020	18,885	15.5	6,781	15.6	7,936	18.5	5,323	20.6
FY 2019	16,348	15.6	5,867	51.6	6,700	42.7	4,416	11.7

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
FY 2020	72.36		69.27	
FY 2019	60.04		57.32	

(2) Non-consolidated Financial Position

	Total assets		Total equity		Equity ratio	Total equity per share
	Mil. Yen		Mil. Yen		%	Yen
FY 2020	134,678		25,856		19.2	351.37
FY 2019	97,261		22,409		23.0	304.64

Reference Owner's equity FY2020 25,856 Mil. yen FY2019 22,409 Mil. yen

Note: Non-consolidated financial results are based on J-GAAP standards.

* These financial statements are not subject to the 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) Forecasts” under “1. Qualitative Information on Consolidated Financial Statements for the Fiscal Year” on page 13 of the attachment.
2. Results Presentation Meeting for Institutional Investors and Analysts to be held on November 12, 2020. Supporting materials and a video of the presentation will be made available on the company's website after the event.

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1. Qualitative Information on Consolidated Financial Statements for the Fiscal Year

(1) Consolidated operating results

Forward-looking statements in the document are based on the judgement of the Group at the end of the fiscal year under review.

Macro Kiosk Berhad has been deconsolidated and has been reclassified as discontinued operation from the third quarter of Fiscal Year Ending September 2020 in the condensed quarterly financial statements. As a result, revenue, operating profit and profit before income taxes exclude the discontinued operation and present the amounts for continuing operations only. The corresponding figures for Fiscal Year Ending September 2019 are also restated and presented on a similar basis.

① Consolidated operating results

The Group announces its earnings results for the consolidated fiscal year 2020 (October 1, 2019 to September 30, 2020) as follows.

(Unit: Thousand yen)

	FY2019 (From October 1, 2018 To September 30, 2019)	FY2020 (From October 1, 2019 to September 30, 2020)	Rate of change (%)
Revenue	26,922,718	33,046,404	22.7
Operating profit	9,562,791	10,388,667	8.6
Profit before income taxes	9,297,105	10,989,321	18.2
Profit attributable to owners of parent	5,267,465	7,624,148	44.7

a. Revenue

The Group's revenue was ¥33,046 mil., up by 22.7% YoY. Overall impact from the COVID-19 pandemic was limited, as transactions trended favorably due to nesting demand despite the decline in transactions at some merchants, such as travel and ticket sales that were adversely affected by COVID-19.

The Payment Processing Business revenue grew, led by steady growth of E-Commerce (EC) market for online and recurring payments coupled with the expansion of the Group's services to the offline market. The Money Service Business (MSB) revenue grew from the favorable trends seen in GMO Payment After Delivery transactions, a type of deferred payment service. Payment Processing Business revenue was ¥23,037 mil. (up 22.5% YoY), Money Service Business (MSB) revenue was ¥9,416 mil. (up 25.9% YoY) and Payment Enhancement Business revenue was ¥602 mil. (down 4.9% YoY). For details, please refer to page 7 of "② Results by segment" found under "(1) Consolidated operating results" of "1. Qualitative Information on Consolidated Financial Statements".

The impact of COVID-19 to forecasts is stated under "(5) Forecasts" of "1. Qualitative Information on Consolidated Financial Statements."

Revenue breakdown by business model (segment) is as follows:

(Unit: Thousand JPY)

Business model	FY2019 (From October 1, 2018 to September 30, 2019)	FY2020 (From October 1, 2019 to September 30, 2020)	Rate of change (%)
Initial (Initial revenue)	1,392,018	2,380,734	71.0
Stock (Monthly revenue)	4,899,278	5,709,969	16.5
Fee (Transaction processing revenue)	7,391,633	8,931,712	20.8
Spread (Merchant acquiring service revenue)	13,239,788	16,023,987	21.0
Total	26,922,718	33,046,404	22.7

b. Operating profit

The Group's operating profit reached ¥10,388 mil., up by 8.6% YoY, which was higher than the Group's consolidated fiscal year forecast. The FY2020 operating profit growth rate is 25.1% when compared to the previous term's operating profit of ¥8,301 mil. that was announced in the "Summary of Consolidated Financial Statement for Fiscal Year Ending September 2019" on November 12, 2019, thus achieving the management target to achieve 25% operating profit growth.

By segment, Payment Processing Business segment profit (operating profit) was ¥11,581 mil., up by 15.4% YoY; Money Service Business segment profit stood at ¥1,799 mil., down by 8.8% YoY; and, Payment Enhancement Business segment profit of ¥77 mil., down by 29.8% YoY.

With the spread of COVID-19, business activities have been conducted by teleworking system of remote workstyle, and there has been no notable decline in productivity and efficiency and therefore no material impact on operating profit.

c. Profit before income taxes

Pre-tax profit was ¥10,989 mil. up by 18.2% YoY, a higher growth rate than the consolidated operating profit growth rate of 8.6% YoY. This is due to gains on investment partnerships of ¥301mil. that increased the financial income to ¥336 mil. (versus ¥43mil. in the previous term) and equity method investment gains of ¥517 mil. (versus an equity method loss of ¥19mil. in the previous term).

In addition to the reasons stated in a.to c. above, the loss from discontinued operations for this consolidated year under review was ¥179 mil (versus ¥1,200 mil. in the previous term). Details are presented on page 27, "⑨ Discontinued operations" found in "(6) Notes regarding condensed consolidated financial statements," under "4. Condensed consolidated financial statements and major notes".

② Results by segment

Performance by reportable segment is explained below.

(Unit: Thousand JPY)

Segment	FY2019 (From October 1, 2018 to September 30, 2019)	FY2020 (From October 1, 2019 to September 30, 2020)	Year on Year (%)
Payment Processing Business			
Revenue	18,811,705	23,037,620	22.5
Segment profit (△=loss)	10,031,752	11,581,232	15.4
Money Service Business			
Revenue	7,478,106	9,416,169	25.9
Segment profit (△=loss)	1,972,558	1,799,806	△8.8
Payment Enhancement Business			
Revenue	632,906	602,024	△4.9
Segment profit (△=loss)	110,392	77,496	△29.8
Adjustments			
Revenue	—	△9,410	—
Segment profit (△=loss)	△2,551,911	△3,069,868	—
Total			
Revenue	26,922,718	33,046,404	22.7
Segment profit (△=loss)	9,562,791	10,388,667	8.6

a. Payment Processing Business

The main focus areas of the Payment Processing Business are online payment, recurring billing services, offline payment processing service and, support services to financial institutions and financial service providers.

In the online payment and recurring payment domain, we focused our efforts to acquire large merchants and expand the Group's services to non-EC operators given the backdrop of a steadily expanding EC market.

The spread of COVID-19 caused delays in new projects slated to be monetized during the year under review, as well as affecting transaction value growth to be 22.6% YoY due to the adverse impact on some merchants in the travel and ticket sales sector where per-transaction-value is relatively high. On the other hand, transaction volume growth of 43.2% YoY exceeded the transaction value growth due to the increase in micropayment transactions on the back of expanding EC market coupled with the revenue contribution from the increase in online transactions of household items, digital content and public dues and taxes driven by nesting demand.

The offline market is on a gradual recovery trend after the lifting of the State of Emergency on May 25, 2020, although consumption at offline stores can be impacted from the increasing spread of COVID-19. Despite this, sales of payment terminals trended favorably by capturing the replacement demand for IC-chip enabled terminals on the back of the Installment Sales Act amendment, as well as steady order wins for projects related to the Unattended Market (UM) such as ticket machines and fare adjustment machines, which is one of the target markets.

As a result, segment revenue reached ¥23,037 mil., up 22.5% YoY and segment profit (operating profit) was ¥11,581 mil., up 15.4% YoY.

b. Money Service Business

Money Service Business (MSB) consists of Early Payment Service to help merchants improve their cash flow by receiving sales proceeds earlier according to the merchant's cash cycle needs; Transaction Lending Service to lend growth capital to merchants based on their payment and other related data; Lending service to overseas operators; Remittance Service; and GMO Payment After Delivery offered by the consolidated subsidiary GMO Payment Service, Inc. GMO Payment After Delivery showed a steady trend thanks to nesting demand, although some merchants were adversely affected by COVID-19. Lending service to overseas operators, GMO B2B Early Payment and GMO B2B AR Guarantee also grew. Remittance service grew on the back of the increased demand for tickets refunds for cancellations caused by COVID-19, and Early Payment service revenues also increased YoY during the fiscal year under review.

As a result, segment revenue reached ¥9,416 mil., up 25.9% YoY and segment profit (operating profit) reached ¥1,799 mil., a decline of 8.8% YoY due to unfavorable comps against the previous year which benefited from a one-off decline in expenses related to lower credit risks resulting from various corporate efforts and efforts to control expense levels after this one-off expense reduction.

c. Payment Enhancement Business

Payment Enhancement Business comprises of online advertising service to support our merchants' growth by analytics and advertisement management service based on sales trends of products, and "Medical Kakumei byGMO," a reservation management system to enable operational efficiency offered exclusively to medical institutions by our consolidated subsidiary GMO Medical Reservations Technology Co. Ltd.

While online advertising service revenues exceeded internal plans from the increased online advertising demand from expanding EC market driven by COVID-19.

As a result of the above, segment revenue was ¥602 mil., down 4.9% YoY and segment profit (operating profit) was ¥77 mil., down 29.8% YoY.

With the transfer of all the shares of Macro Kiosk on May 18, 2020, its business has been classified as discontinued operation in the consolidated financial statements. Therefore, the segment revenue and profit (operating profit) present only the continuing operations, and year-on-year percentages are computed by similarly restating the previous term's figures.

Details are presented on page 27, "⑨ Discontinued operations" found in "(6) Notes regarding condensed consolidated financial statements," under "4. Condensed consolidated financial statements and major notes".

Please see below for the table of the major businesses and companies providing these businesses by segment.

Segment	Major service	Major companies of the service
Payment Processing Business	Payment processing service (Online payment and recurring billing)	GMO Payment Gateway, Inc. GMO Epsilon, Inc. (consolidated subsidiary)
	Payment processing service (Offline payment)	GMO Financial Gate, Inc. (consolidated subsidiary)
Money Service Business	GMO Payment after delivery	GMO Payment Service, Inc. (consolidated subsidiary)
	Remittance service	GMO Payment Gateway, Inc. GMO Epsilon, Inc. (consolidated subsidiary)
	Transaction lending	GMO Payment Gateway, Inc. GMO Epsilon, Inc. (consolidated subsidiary)
	Early payment service	GMO Payment Gateway, Inc. GMO Epsilon, Inc. (consolidated subsidiary)
Payment Enhancement Business	Online advertising	GMO Payment Gateway, Inc.

(2) Status of consolidated financial position

①Assets, liabilities and net assets

a. Assets

Total assets at the end of the consolidated fiscal year under review increased by ¥52,032 mil. from the end of the previous fiscal year end to reach ¥192,022 mil. This is mainly due to an increase in cash and cash equivalents of ¥43,817 mil., an increase in accrued revenues of ¥2,018 mil., an increase of tangible fixed assets of ¥3,197 mil. and an increase in other financial assets ¥2,906 mil.

The Group has ¥950 mil. deposits to subsidiaries and affiliated companies included in the balance of cash and cash equivalents at the end of the consolidated fiscal year under review, as stated in “④ Cash and cash equivalents” of (6) Notes regarding condensed consolidated financial statements. Together with the ¥5,000 mil. of deposits to subsidiaries and affiliated companies stated in the condensed consolidated balance sheet, the total balance of the Group’s deposits to subsidiaries and affiliated companies stands at ¥5,950 mil. These deposits are GMO Internet’s Group-wide cash on hand that is deposited under the cash management system (CMS) implemented and managed by GMO Internet. This allows the Group to withdraw funds when necessary without the need to wait until the preset CMS repayment date, by registering a request by taking into account the number of days required for application.

b. Liabilities

Balance of liabilities at the end of the consolidated fiscal year under review stood at ¥158,569 mil., an increase of ¥46,117 mil. from the end of the previous consolidated fiscal year, mainly due to an increase accrued expenses of ¥3,267 mil., an increase in deposits received due to the increase in transaction value during this fiscal year under review of ¥36,224 mil., an increase in borrowings of ¥1,732 mil. and an increase in other financial liabilities of ¥3,081 mil.

c. Equity

Equity balance at the end of the consolidated fiscal year under review was ¥33,453 mil., an increase of ¥5,914 mil. from the end of the previous consolidated fiscal year, mainly due to net profits of ¥7,693 mil. and other comprehensive income of ¥565 mil., which was partially offset by dividend paid out of retained earnings of ¥2,648 mil.

(3) Status of consolidated cash flows

Cash and cash equivalents (“funds”) at the end of the consolidated fiscal year under review increased by ¥43,817 mil. versus the balance at the start of the term, to reach ¥95,830 mil. The state of cash flows over the fiscal year under review is discussed below.

a. Cash flow from operating activities

Net funds provided by operating activities in the consolidated fiscal year under review amounted to ¥49,188 mil., compared to ¥1,311 mil in the same period of previous year. This resulted from cash outflows of (i) increases in inventory of ¥1,233 mil., (ii) increase in accrued revenues ¥2,019 mil., (iii) income tax payment of ¥3,041 mil. that was netted against the cash inflows of (i) profit before tax of ¥10,989 mil., (ii) increase in accrued expenses of ¥3,429 mil. and (iii) increase in deposits received ¥ 36,225 mil.

b. Cash flow from investing activities

Net funds used by investing activities during the consolidated fiscal year under review totaled ¥4,493 mil., which compares to a net funds provided of ¥858 mil. in the same period of the previous year. This is due to cash outflows from (i) acquisition of intangible assets of ¥1,508 mil., (ii) payment for acquisition of other financial assets of ¥1,153 mil. and (iv) payment due to sale of subsidiary shares resulting in a change in the scope of consolidation of ¥968 mil.

c. Cash flow from financing activities

Net funds used by financing activities during the consolidated fiscal year under review was a ¥785 mil., which compares to net funds provided of ¥7,959 mil. in the same period of the previous year. This is due to cash outflows from repayments of long-term borrowings of ¥1,267 mil., dividend payouts of ¥2,648 mil., which was partially offset by net inflows from the net increase in short term borrowings of ¥3,000 mil.

(4) Basic Policy on Profit Distribution and Dividends for Current and Next Fiscal Year

GMO Payment Gateway, Inc. places management priority on sustainably securing the necessary retained earnings for the purpose of future business expansion and for strengthening the organization, as well as to sustain a stable level of shareholder returns.

The year-end dividend is was initially forecast at ¥42 per share as announced in the “Summary of Consolidated Financial Statement for Fiscal Year Ending September 2019” on November 12, 2019. However, given the outlook for this current fiscal year’s earnings likely to exceed the forecast and in light of profit distributions to shareholders, the dividend is planned to be revised to ¥52 per share, an increase of ¥10 per share compared to the initial dividend forecast. (see Note)

The next fiscal year’s dividend is planned at ¥54 per share, continuing the trend of dividend increase since the dividend payments commenced and based on the favorable business plans and with a view to continuously raise the medium-term enterprise value by enhancing shareholder’s returns.

Retained earnings will continue to be used for strengthening the corporate organization as well as aggressive deployment for business expansion.

The revision to dividends is summarized in the table below.

	Full-year dividend				
	End of Q1	End of Q2	End of Q3	Year End	Total
Previous plan (November 12, 2019)	Yen 0.00	Yen 0.00	Yen 0.00	Yen 42.00	Yen 42.00
Revised plan	-	-	-	52.00	52.00
Current Year	0.00	0.00	0.00		
Previous Year (Fiscal Year ending September 2019)	0.00	0.00	0.00	36.00	36.00

Note : This will be discussed at the Board of Director’s meeting to be held November 24, 2020.

(5) Forecasts

The Group's core business is positioned within the E-Commerce market in Japan, and Japan's B2C E-Commerce for merchandizing continues to grow very rapidly, helped by favorable externalities such as the increased penetration of smartphones and logistic/distribution industry reforms. In addition, the realm of EC itself is expanding from the digitalization of B2B and C2C transactions and the steady progress in online adoption of payments for non-merchandise services, public dues and taxes, medical expenses and other sectors closely tied to daily life.

Furthermore, the scope of business is also set to expand from the emerging business opportunities at our consolidated subsidiary GMO Financial Gate, Inc. which addresses the offline market, as the offline market benefits from the rising penetration of cashless payments of credit cards and other payment methods.

For the fiscal year ending September 2021, the possibility of being adversely affected from depressed consumption due to the resurgence of COVID-19 cannot be ruled out. However, its impact is likely to be minimal to the Group's revenues, given the business exposure to a wide variety of merchants and industries and the shift towards online payment and cashless payment that it entails. We forecast revenue growth in all segments through our efforts to acquire large and high-growth merchants and financial institutions, make large project wins, expand DX platform services platform and early monetization of new services such as stera, the next generation payment platform.

The earnings forecast for consolidated fiscal year ending September 2021 are as follows: revenue of ¥39,792 mil. (up 20.4% YoY), operating profit of ¥12,985 mil. (up 25.0% YoY), profit before tax of ¥12,426 mil. (up 13.1% YoY), profit of ¥8,042 mil. (up 4.5% YoY), and profit attributable to owners of parent company of ¥7,930 mil. (up 4.0% YoY).

2. Management Policy

(1) Basic policy of the corporate management

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 advancement and progress of our society with a strong intention to create and develop markets, and to uphold integrity, fairness and transparency in expanding business.
- 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 this 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 adaptive to the changing times
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 our raison d'être
Uniqueness: We strive to maintain the value of our existence through customer-oriented services.
Profitability: We surpass competitors by pursuing revenue growth and establish an unwavering position in the industry.
- 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 judgements quickly and impartially considering important economic rationality.
- Be responsible to shareholders
We strive to maximize the shareholder value by considering capital efficiency.
By actively conducting IR activities we always provide our shareholders with appropriate information.

(2) Targeted Management Performance Indicators

The Group emphasizes an operating profit growth rate of 25% as a management performance indicator.

The Group continues to invest in order to achieve the 25% operating profit growth rate in the medium term. The FY2020 operating profit of ¥10,388 mil. is a growth rate of 25.1% when compared to the previous term's operating profit of ¥8,301 mil. that was announced in the “Summary of Consolidated Financial Statement for Fiscal Year Ending September 2019” on November 12, 2019

As a Group involved in providing the online payment infrastructure to the E-Commerce market, we will continue to contribute to expand the EC market in the regions and countries where we operate and EC penetration by enhancing the security and convenience of the EC environment. In addition, the Group will continue its efforts to scale up the business by launching into new businesses, forging alliances with other partner operators, establishing subsidiaries and through overseas expansion.

(3) Priority issues to be addressed

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 nine times and have obtained the latest certification in December 2017.

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.

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 current fiscal year 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. Condensed Consolidated Financial Statements and Major Notes

(1) Condensed consolidated balance sheet

(Unit: Thousand Yen)			
	Notes	End of FY2019 (September 30, 2019)	End FY2020 (September 30, 2020)
Assets			
Current assets			
Cash and cash equivalents	④	52,013,447	95,830,807
Operating and other receivables	⑤	13,663,112	10,782,296
Advances paid		32,496,862	31,039,748
Accrued revenue		21,566,393	23,585,142
Inventories		207,280	1,440,999
Deposits to subsidiaries and affiliates	⑥	—	5,000,000
Other financial assets		165,584	1,163,608
Other current assets		956,398	537,329
Total current assets		121,069,081	169,379,933
Noncurrent assets			
Tangible assets	③	517,509	3,714,793
Goodwill and other intangible assets		4,359,129	4,854,253
Investments accounted using equity Method		3,001,692	3,740,933
Operating and other receivables	⑤	—	1,975,100
Deposits to subsidiaries and affiliates	⑥	5,000,000	—
Other financial assets		4,803,089	6,711,766
Deferred tax assets		1,124,014	1,530,494
Other noncurrent assets		116,082	115,346
Total noncurrent assets		18,921,518	22,642,689
Total assets		139,990,599	192,022,622

(Unit: Thousand Yen)			
	Notes	End of FY2019 (September 30, 2019)	End of FY2020 (September 30, 2020)
Liabilities and equity			
Liabilities			
Current liabilities			
Operating and other payables		4,688,856	4,296,647
Accrued expenses		16,118,112	19,385,695
Deposits received		50,834,374	87,059,213
Borrowings		15,800,400	18,800,400
Other financial liabilities	③	108,534	400,217
Income taxes payable, etc.		1,569,616	2,491,098
Provisions		396,631	352,812
Other current liabilities		2,229,923	3,383,652
Total current liabilities		91,746,449	136,169,737
Noncurrent liabilities			
Corporate bonds		16,745,648	16,814,650
Borrowings		1,398,700	131,400
Other financial liabilities	③	223,363	3,013,338
Provision		35,848	260,843
Deferred tax liabilities		85,604	54,170
Other noncurrent liabilities		2,215,686	2,124,966
Total noncurrent liabilities		20,704,851	22,399,369
Total liabilities		112,451,301	158,569,106
Equity			
Capital stock		4,712,900	4,712,900
Capital surplus		5,847,480	5,675,561
Retained earnings	③	15,884,444	20,725,465
Treasury stock		△1,181,846	△1,149,341
Other items of equity		1,231,655	1,769,560
Total equity attributable to owners of parent		26,494,633	31,734,145
Minority interests	③	1,044,664	1,719,369
Total equity		27,539,297	33,453,515
Total liabilities and equity		139,990,599	192,022,622

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

Condensed consolidated statement of income

(Unit: Thousand yen)

	Notes	FY2019 (From October 1, 2018 to September 30, 2019)	FY2020 (From October 1, 2019 to September 30, 2020)
Continuing Operations			
Revenue		26,922,718	33,046,404
Cost of revenue		△7,652,228	△9,199,819
Gross profit		19,270,490	23,846,584
Other income		152,339	159,805
Selling, general and administrative expenses		△9,764,485	△13,424,141
Other expense		△95,552	△193,581
Operating profit		9,562,791	10,388,667
Financial income		43,062	336,467
Financial expense		△289,494	△253,029
Equity method investment gains or loss		△19,255	517,217
Profit before income taxes		9,297,105	10,989,321
Income tax expenses		△3,044,095	△3,116,722
Profit from continuing operations		6,253,009	7,872,598
Discontinued Operations			
Profit/Loss from discontinued operations (△=loss)	⑨	△1,200,593	△179,198
Profit		5,052,416	7,693,400
Profit attributable to			
Owners of parent		5,267,465	7,624,148
Non-controlling interests		△215,049	69,252
Profit		5,052,416	7,693,400
Earnings per share (Yen per share)			
Basic earnings per share (yen) (△=loss)	⑧		
Continuing operations		84.74	105.94
Discontinuing operations		△13.13	△2.32
Total		71.61	103.62
Diluted earnings per share (yen) (△=loss)			
Continuing operations		82.84	103.29
Discontinuing operations		△12.74	△2.25
Total		70.09	101.04

Condensed consolidated statement of comprehensive income

(Unit: Thousand Yen)

	Notes	FY2019 (from October 1, 2018 to September 30, 2019)	FY2020 (From October 1, 2019 to September 30, 2020)
Profit		5,052,416	7,693,400
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Fair value of financial assets measured through other comprehensive income		△522,171	570,848
Share of other comprehensive income of equity method affiliates		△4,912	248,757
Total of Items that will not be reclassified to profit or loss		△527,083	819,605
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		△11,968	△279,897
Share of other comprehensive income of equity method affiliates		△87,187	25,696
Total of items that will be reclassified to profit or loss		△99,156	△254,201
Other comprehensive income after income taxes		△626,239	565,404
Comprehensive income		4,426,176	8,258,805
Comprehensive income attributable to			
Owners of parent		4,630,496	8,187,844
Non-controlling interests		△204,320	70,960
Total		4,426,176	8,258,805

(3) Condensed consolidated statement of changes in equity

FY2019 (From October 1, 2018 to September 30, 2019)

(Unit: Thousand yen)

	Notes	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other items of equity	Total equity attributable to owners of parent	Minority interests	Total assets
Balance as of October 1, 2018		4,712,900	5,758,448	12,875,446	△491,893	1,941,305	24,796,206	1,223,811	26,020,018
Cumulative effects of accounting changes		—	—	△195,085	—	—	△195,085	—	△195,085
Restated Balance		4,712,900	5,758,448	12,680,361	△491,893	1,941,305	24,601,121	1,223,811	25,824,933
Profit		—	—	5,267,465	—	—	5,267,465	△215,049	5,052,416
Other comprehensive income		—	—	—	—	△636,968	△636,968	10,728	△626,239
Comprehensive income		—	—	5,267,465	—	△636,968	4,630,496	△204,320	4,426,176
Purchase of treasury stock		—	—	—	△689,952	—	△689,952	—	△689,952
Dividend		—	—	△2,136,041	—	—	△2,136,041	—	△2,136,041
Transfer from accumulated other comprehensive income to retained earnings		—	—	72,658	—	△72,658	—	—	—
Share-based payment transaction		—	97,243	—	—	△22	97,220	25,172	122,393
Changes in the interest in controlled subsidiary		—	△8,211	—	—	—	△8,211	—	△8,211
Total transactions with owners		—	89,032	△2,063,382	△689,952	△72,681	△2,736,984	25,172	△2,711,811
Balance as of September 30, 2019		4,712,900	5,847,480	15,884,444	△1,181,846	1,231,655	26,494,633	1,044,664	27,539,297

FY2020 (From October 1, 2019 to September 30, 2020)

(Unit: Thousand yen)

	Notes	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other items of equity	Total equity attributable to owners of parent	Minority interests	Total assets
Balance as of October 1, 2019		4,712,900	5,847,480	15,884,444	△1,181,846	1,231,655	26,494,633	1,044,664	27,539,297
Cumulative effects of changes in accounting changes	③	—	—	△97,243	—	—	△97,243	△38,971	△136,214
Restated Balance		4,712,900	5,847,480	15,787,200	△1,181,846	1,231,655	26,397,389	1,005,692	27,403,082
Profit		—	—	7,624,148	—	—	7,624,148	69,252	7,693,400
Other Comprehensive income		—	—	—	—	563,696	563,696	1,707	565,404
Comprehensive income		—	—	7,624,148	—	563,696	8,187,844	70,960	8,258,805
Sale of treasury stock		—	33,085	—	32,504	—	65,590	—	65,590
Dividends		—	—	△2,648,221	—	—	△2,648,221	—	△2,648,221
Transfer from accumulated other comprehensive income to retained earnings		—	—	25,454	—	△25,454	—	—	—
Share-based payment transaction		—	136,503	—	—	△22	136,480	19,480	155,960
Changes in the interest in controlled subsidiary		—	△32,573	—	—	—	△32,573	454,713	422,139
Change from sales of consolidated subsidiary	⑨	—	△308,934	—	—	—	△308,934	168,522	△140,412
Other		—	—	△63,115	—	△313	△63,429	—	△63,429
Total transactions with owners		—	△171,919	△2,685,882	32,504	△25,791	△2,851,088	642,716	△2,208,372
Balance as of September 30, 2020		4,712,900	5,675,561	20,725,465	△1,149,341	1,769,560	31,734,145	1,719,369	33,453,515

(4) Condensed consolidated statement of cash flows

(Unit: Thousand yen)

	Notes	FY2019 (From October 1, 2018 to September 30, 2019)	FY2020 (From October 1, 2019 to September 30, 2020)
Net cash provided by (used in) operating activities			
Profit before income taxes		9,297,105	10,989,321
Profit before income taxes from discontinued operations (Δ =loss)	⑨	Δ 1,258,028	Δ 158,338
Depreciation & Amortization		1,113,513	1,520,087
Impairment Loss		992,503	115,793
Gain/Loss from sale of subsidiary	⑨	—	172,466
Financial income and expense		242,889	Δ 65,801
Equity method investment gain/loss (Δ =increase)		19,255	Δ 517,217
Increase/decrease in inventories (Δ =increase)		Δ 142,743	Δ 1,233,718
Increase/decrease in operating and other receivables (Δ =increase)		Δ 516,681	Δ 530,571
In/Decrease in advances paid (Δ =increase)		Δ 10,229,117	1,457,114
Accrued revenues (Δ =increase)		Δ 5,848,540	Δ 2,019,481
In/Decrease in operating payables (Δ =decrease)		131,302	1,379,751
In/Decrease in accrued expenses (Δ =decrease)		278,295	3,429,921
In/Decrease in deposits received (Δ =decrease)		9,605,582	36,225,413
In/Decrease in provisions (Δ =decrease)		361,036	87,179
In/Decrease in other current liabilities		Δ 169,536	1,272,825
Other		312,985	266,551
Subtotal		4,189,822	52,391,298
Interest and dividends received		48,811	38,529
Interest paid		Δ 65,436	Δ 169,235
Payment from deposit refunds		3,000,060	—
Increase in Deposits		Δ 3,120,000	Δ 30,000
Income taxes paid		Δ 2,741,613	Δ 3,041,766
Net cash provided by (used in) operating activities		1,311,644	49,188,824
Net cash provided by (used in) investing activities			
Payment from time deposits		689,374	—
Purchase of property, plants and equipment		Δ 156,181	Δ 428,158
Purchase of intangible assets		Δ 1,356,617	Δ 1,508,408
Purchase of investment securities		Δ 204,284	Δ 884,250
Proceeds from sale of investment securities		40,611	—
Purchase of investments accounted for using equity method		Δ 102,248	—
Proceeds from redemption of investments partnerships		131,699	405,487
Payment into deposits to subsidiaries and affiliates		Δ 5,000,000	—
Proceeds from withdrawal of deposits to subsidiaries and affiliates		7,000,000	—
Purchase of other financial assets		Δ 92,867	Δ 1,153,708
Proceeds from sales of other financial assets		9,220	116,863
Payment for sale of subsidiary shares resulting in change in the scope of	⑨	—	Δ 968,256

	Notes	FY2019 (From October 1, 2018 to September 30, 2019)	FY2020 (From October 1, 2019 to September 30, 2020)
consolidation			
Others		△100,705	△72,876
Net cash provided by (used in) investing activities		858,000	△4,493,307
Net cash provided by (used in) financing activities			
In/Decrease in short-term borrowings (△=decrease)		11,699,000	3,000,000
Repayment of long-term borrowings		△800,400	△1,267,300
Payment for stock buyback		△689,952	—
Dividends paid		△2,134,832	△2,648,164
Payment from non-controlling interest		—	431,668
Other		△114,795	△301,311
Net cash provided by (used in) financing activities		7,959,019	△785,107
Effect of exchange rate changes on cash and cash equivalents		△148,341	△93,050
Increase and decrease in cash and cash equivalents (△=decrease)		9,980,323	43,817,359
Balance of cash and cash equivalents at the beginning of the period	④	42,033,124	52,013,447
Cash and cash equivalents at the end of period	④	52,013,447	95,830,807

(5) Notes regarding the going concern assumptions

N/A

(6) Notes regarding condensed consolidated financial statements

① Reporting Entity

GMO Payment Gateway, Inc. (“the Company”) is a corporation (kabushiki kaisha) domiciled in Japan and listed on the Tokyo Stock Exchange. The registered address of its head office is 2-3 Dogenzaka 1-chome, Shibuya-ku, Tokyo, Japan. The condensed consolidated financial statements are comprised of the Company and its subsidiaries (the “Group”) and equity interest in affiliates. The ultimate parent of the Group is GMO Payment Gateway, Inc. The Company’s Group is engaged in the businesses of Payment Processing Business, Money Service Business and Payment Enhancement Business. (see ⑦ Segment Information).

③ Significant Accounting Policies

Significant accounting policies adopted for the consolidated financial statements for the fiscal year ended September 2020 for the Group are the same as those adopted for the previous year’s consolidated financial statements, excepting the for the policies explained below.

(Discontinued Operations)

A discontinued operation is a component of an entity that either has been disposed or, is classified as held for sale, and meets any one of the criteria stated below.

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or,
- is a subsidiary acquired exclusively with a view to resale.

The post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognized by the disposal of disposal groups classified as discontinued operations, are represented as profit or loss from discontinued operations and presented separately from continuing operations in the consolidated statement of income, and disclosure of prior periods are re-represented in accordance.

(Changes in accounting policies)

The following standards have been adopted for the Group from the start of the current consolidated fiscal year.

Standard	Name of Standard	New Standards and Interpretations
IFRS 16	Leases	Interprets the accounting treatments of leases
IFRIC 23	Uncertainty over Income Tax Treatments	Clarifies the accounting for uncertainties in income taxes

There is no material effect on the consolidated financial statement from adoption of IFRS Standards excluding IFRS 16, and the adoption is made in compliance with the transition regulations.

The adoption of the above policies resulted in an increase in “property, plant and equipment” of ¥2,981 mil., and increase in “other financial liabilities” included under current liabilities of ¥315 mil. and an increase in “other financial liabilities” included under noncurrent liabilities of ¥2,885 mil. in the consolidated statements of financial position for the current fiscal year under review. Other impact of applying the above policies to profit or loss for the current fiscal year under review was immaterial.

④ Cash and Cash Equivalents

Breakdown of cash and cash equivalents are as follows.

(Unit: Thousand yen)

	End of FY2019 (September 30, 2019)	End of FY2020 (September 30, 2020)
Cash and cash equivalents	49,213,447	94,880,807
Deposits to subsidiaries and affiliates	2,800,000	950,000
Total	52,013,447	95,830,807

⑤ Operating and other receivables

Breakdown of operating and other receivables are as follows.

(Unit: Thousand yen)

	End of FY2019 (September 30, 2019)	End of FY2020 (September 30, 2020)
Operating receivables	5,663,939	5,187,311
Operating loans	7,514,754	6,040,284
Other	590,916	1,628,262
Allowance for doubtful accounts	△106,498	△98,461
Total	13,663,112	12,757,396

⑥ Deposits to subsidiaries and affiliates

Our deposits to subsidiaries and affiliates are the deposits under the CMS of the GMO Internet Group

⑦ Segment Information

(1) Segment Information

The reporting segments of the Group are based on operation segments for which separate financial information is available and which the Board of Directors regularly reviews to determine the allocation of management resources and evaluate its performance.

The Group has businesses and subsidiaries according to the product and/or service, and each product/service carries out the business activities and formulates comprehensive strategies covering Japan and overseas.

Therefore, the Group is comprised of the various products and services grouped according to the explanation above and multiple businesses are grouped and classified under the three reportable segments of Payment Processing Business, Money Service Business and Payment Enhancement Business.

The main products and services included in the reportable segments are as shown below:

Reportable Segment	Main products and services
Payment Processing Business	Payment processing for online billing, recurring billing and for offline payments.
Money Service Business	GMO Payment After Delivery, Money Services such as Remittance, Transaction Lending to provide growth capital, Early Payment service to improve merchant's cash cycle.
Payment Enhancement Business	Online advertising service aimed at increasing revenues at merchants.

(2) Segment Information

Accounting principles applied to the reportable segments are the same as that of consolidated financial statements.

Performance of segments is as shown below and income for the reportable segments is reconciled as operating profit or loss. Intersegment transaction are based on equivalent prices at arm's length transactions.

As stated in "⑨ Discontinued operations", the revenues and segment profit of Macro Kiosk Berhad is not included in Payment Enhancement Business as it has been reclassified as discontinued operations due to the transfer of all the shares of Macro Kiosk Berhad held by a subsidiary.

Segment Information for FY2019 (From October 1, 2018 to September 30, 2019)

(Unit: Thousand yen)

	Payment Processing Business	Money Service Business	Payment Enhancement Business	Total	Adjustments (Note)	Consolidated
Revenues						
Sales to external customers	18,811,705	7,478,106	632,906	26,922,718	—	26,922,718
Intersegment revenue	—	—	—	—	—	—
Total	18,811,705	7,478,106	632,906	26,922,718	—	26,922,718
Segment profit (Δ =loss)	10,031,752	1,972,558	110,392	12,114,703	Δ 2,551,911	9,562,791
Financial income	—	—	—	—	—	43,062
Financial expense	—	—	—	—	—	Δ 289,494
Equity method investment gains (Δ =loss)	—	—	—	—	—	Δ 19,255
Profit before income taxes of continuing operations	—	—	—	—	—	9,297,105
Other items						
Depreciation & amortization	835,716	46,482	4,928	887,127	71,099	958,226
Impairment Loss	—	—	—	—	—	—

(Note) Adjustment of segment profit of Δ ¥2,551 mil. consist of general corporate expenses not allocated to any reportable segment of Δ ¥2,647 mil. and elimination of intersegment transactions of ¥95 mil. General corporate expenses consist of selling, general and administrative expenses not allocation to any reportable segment.

Segment Information for FY2020 (From October 1, 2019 to September 30, 2020)

(Unit: Thousand yen)

	Payment Processing Business	Money Service Business	Payment Enhancement Business	Total	Adjustments (Note)	Consolidated
Revenues						
Sales to external customers	23,028,517	9,416,169	601,716	33,046,404	—	33,046,404
Intersegment revenue	9,102	—	307	9,410	Δ 9,410	—
Total	23,037,620	9,416,169	602,024	33,055,814	Δ 9,410	33,046,404
Segment profit (Δ =loss)	11,581,232	1,799,806	77,496	13,458,535	Δ 3,069,868	10,388,667
Financial income	—	—	—	—	—	336,467
Financial expense	—	—	—	—	—	Δ 253,029
Equity method investment gains (Δ =loss)	—	—	—	—	—	517,217
Profit before income taxes of continuing operations	—	—	—	—	—	10,989,321
Other items						
Depreciation & amortization	1,230,150	95,237	22,843	1,348,232	171,839	1,520,071
Impairment Loss	—	—	—	—	—	—

(Note) Adjustment of segment profit of Δ ¥3,069 mil. consist of general corporate expenses not allocated to any

reportable segment of △¥3,185 mil. and elimination of intersegment transactions of ¥115 mil. General corporate expenses consist of selling, general and administrative expenses not allocation to any reportable segment.

⑧ Per Share Information

(1) Basic earnings per share

The basis for calculation basic earnings per shares is as follows.

(Unit: Thousand yen)

	FY2019 (From October 1, 2018 to September 30, 2019)	FY2020 (From October 1, 2019 to September 30, 2020)
Profit attributable to owners of parent (△=loss)	5,267,465	7,624,148
Continuing operations	6,233,679	7,794,879
Discontinued operations	△966,214	△170,731
Average number of shares	73,562,191 shares	73,579,725 shares
Basic earnings per share (△=loss)	¥71.61	¥103.62
Continuing operations	¥84.74	¥105.94
Discontinued operations	△¥13.13	△¥2.32

(2) Diluted earnings per share

The basis for calculation diluted earnings per shares is as follows.

(Unit: Thousand yen)

	FY2019 (From October 1, 2018 to September 30, 2019)	FY2020 (From October 1, 2019 to September 30, 2020)
Profit attributable to owners of parent (△=loss)	5,267,465	7,624,148
Adjustment to profit	46,540	38,272
Profit attributable to owners of parent after dilution (△=loss)	5,314,005	7,662,420
Continuing operations	6,280,219	7,833,151
Discontinued operations	△966,214	△170,731
Average number of shares	73,562,191 shares	73,579,725 shares
Effect of dilutive securities		
Convertible bond-type bonds with subscription rights	2,252,371 shares	2,253,894 shares
Number of shares after effect of dilutive shares	75,814,562 shares	75,833,619 shares
Diluted earnings per share (△=loss)	¥70.09	¥101.04
Continuing operations	¥82.84	¥103.29
Discontinued operations	△¥12.74	△¥2.25

⑨ Discontinued Operations

FY2020 (From October 1, 2019 to September 30, 2020)

a. Overview of discontinued operations

GMO Payment Gateway resolved at the Board of Directors meeting held of April 30, 2020 to sell all the shares Macro Kiosk Berhad held through a subsidiary (the "Sale") and signed the Share Transfer Agreement on the same date. As a result of the Sale, Macro Kiosk Berhad has been deconsolidated and is reclassified as discontinued operation from the third quarter of the condensed consolidated financial statements. The Sale was completed on May 18, 2020.

b. Profit/Loss from discontinued operation

Profit/Loss from discontinued operation is as follows.

(Unit: Thousand yen)

	FY2019 (From October 1, 2018 to September 30, 2019)	FY2020 (From October 1, 2019 to September 30, 2020)
Income	5,206,311	3,858,555
Expenses (see Note)	△6,464,340	△4,016,892
Profit/Loss before income taxes from discontinued operation	△1,258,028	△158,338
Corporate tax expense (see Note)	57,436	△20,859
Profit/loss from discontinued operation	△1,200,593	△179,198

(Note) The figure for FY2020 includes ¥172 mil. in losses from sale of subsidiary shares of Macro Kiosk Berhad. There is no material impact on the corporate tax expense.

c. Cash flow from discontinued operation

Cash flow from discontinued operation is as follows.

(Unit: Thousand yen)

	FY2019 (From October 1, 2018 to September 30, 2019)	FY2020 (From October 1, 2019 to September 30, 2020)
Net cash provided by (used in) operating activities	△232,016	431,502
Net cash provided by (used in) investing activities (see Note)	△118,798	△33,783
Net cash provided by (used in) financing activities	△11,768	△62,431
Total	△362,583	335,287

(Note) Due to the loss of controlling interest in Macro Kiosk Berhad, the net payment for the transfer of shares, net of the cash and cash equivalents held by the company, amounted to △¥968 mil. and is presented in "Payment for sale of subsidiary shares resulting in change in the scope of consolidation" found under "Net cash provided by (used in) financing activities" of the Condensed consolidated statement of cash flows.

d. Assets and liabilities from loss of controlling interest.

Assets and liabilities from loss of controlling interest is as follows.

(Unit: Thousand yen)

	As of the date of completion of share transfer (May 18, 2020)
Cash and cash equivalents	968,256
Receivables	1,266,351
Assets other than the above	341,565
Payables	△1,699,085
Liabilities other than the above	△391,285
Total	485,801