

Summary of Consolidated Financial Statements for the Third Quarter FY2021 (IFRS)

August 10, 2021

Name of listed company: GMO Payment Gateway, Inc. Exchange: Tokyo Stock Exchange
 Stock code: 3769 URL: <https://www.gmo-pg.com/en/corp/>
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 Scheduled submission date of quarterly report August 11, 2021 Scheduled date of commencement for dividend payment -
 Supplemental materials prepared for financial results Yes
 Information meeting arranged related to financial results Yes (for institutional investors and analysts)

(Amounts rounded down to the nearest one million yen)

1. Consolidated Financial Statements for the Third Quarter FY2021 (From October 1, 2020 to June 30, 2021)

(1) Consolidated Financial Statements (Cumulative)

(% represent year-on-year percentage change)

	Revenue		Operating profit		Profit before income taxes		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%
Q3 FY2021	30,535	26.6	10,222	31.4	10,526	25.1	7,070	21.7	6,937	20.6	7,982	29.6
Q3 FY2020	24,118	19.9	7,778	12.2	8,413	24.7	5,810	37.9	5,750	35.2	6,157	71.6
	Basic earnings per share				Diluted earnings per share							
	Yen				Yen							
Q3 FY2021	93.27				91.58							
Q3 FY2020	78.16				76.28							

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of total equity attributable to owners of parent to total assets
	Mil. Yen	Mil. Yen	Mil. Yen	%
Q3 FY2021	213,290	55,783	53,865	25.3
FY2020	192,022	33,453	31,734	16.5

2. Dividends

	Annual dividend				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen/share	Yen/share	Yen/share	Yen/share	Yen/share
FY2020	0.00	0.00	0.00	52.00	52.00
FY2021	0.00	0.00	0.00		
FY2021 (forecast)				54.00	54.00

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

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

(% represents year-on-year change)

	Revenue		Operating profit		Profit before income taxes		Profit		Profit attributable to owners of parent		Basic earnings per share
	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Yen
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) Revision of the most recently released financial forecast: No

※ 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.: No

[2] Changes in accounting policy other than [1]: No

[3] Changes in accounting estimations: No

- (3) Number of shares issued (common stock)

[1] Number of shares issued at the end of the term (including treasury stock)	Q3 FY2021: 76,557,545	FY 2020: 74,301,000
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[2] Number of treasury shares at the end of the term	Q3 FY2021: 714,950	FY 2020: 714,781
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[3] Average number of shares during the term	Q3 FY2021: 74,382,106	Q3 FY2020: 73,577,545
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(Note 1) Number of treasury shares at the end of the term above include the shares attributed to the directors' remuneration board incentive plan (BIP) trust and J-ESOP (709,705 shares for FY2020; 709,705 shares for Q3 FY2021.)

※ These quarterly financial statements are not subject to the quarterly review procedures by certified public accountants or auditors.

※ 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 "(3) Review of consolidated earnings forecasts and other forecasts" under "1. Qualitative Information on Consolidated Financial Statements for the Quarter" on page 9 of the attachment.

- 2 Results Presentation for Investors and Analysts to be held on August 11, 2021. Supporting materials and a video of the presentation will be made available on the company's website after the event.

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1. Qualitative Information on Consolidated Financial Statements for the Quarter

(1) Consolidated operating results

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

① Consolidated operating results

The Group announces its earnings results for the cumulative third quarter of the consolidated fiscal year 2021 (October 1, 2020 to June 30, 2021) as follows.

(Unit: Thousand yen)

	Q3 FY2020 (From October 1, 2019 to June 30, 2020)	Q3 FY2021 (From October 1, 2020 to June 30, 2021)	Rate of change (%)
Revenue	24,118,665	30,535,072	26.6
Operating profit	7,778,478	10,222,260	31.4
Profit before income taxes	8,413,985	10,526,081	25.1
Profit attributable to owners of parent	5,750,915	6,937,696	20.6

a. Revenue

The Group's revenue reached to ¥30,535 mil., up by 26.6% year-on-year (YoY). Overall trends were favorable from the increased adoption of cashless payments and the limited adverse impact from COVID-19. The Payment Processing Business revenue grew, led by steady growth of the E-Commerce (EC) market for online payments and recurring payments coupled with the expansion of the Group's services in the offline domain. The Money Service Business (MSB) revenue grew, not only from the continued growth of GMO Payment After Delivery transactions, a type of deferred payment service, but also from the growth of Early Payment services. Payment Processing Business revenue was ¥22,454 mil. (up 33.6% YoY), Money Service Business revenue was ¥7,558 mil. (up 10.1% YoY) and Payment Enhancement Business revenue was ¥531 mil. (up 18.6% YoY). For details, please refer to page 5 of "②Results by segment" found under "(1) Consolidated operating results" of "1. Qualitative Information on Consolidated Financial Statements for the Quarter".

Revenue breakdown by business model is as follows.

(Unit: Thousand Yen)

Business model	Q3 FY2020 (From October 1, 2019 to June 30, 2020)	Q3 FY2021 (From October 1, 2020 to June 30, 2021)	Rate of change (%)
Initial (Initial revenue)	1,874,154	3,560,338	90.0
Stock (Fixed revenue)	4,231,674	4,850,707	14.6
Fee (Transaction processing revenue)	6,403,742	7,942,720	24.0
Spread (Merchant acquiring service revenue)	11,609,093	14,181,305	22.2
Total	24,118,665	30,535,072	26.6

b. Operating profit

Operating profit reached ¥10,222 mil., up by 31.4% YoY, making steady progress towards achieving the full year earnings forecast for the Fiscal Year ending September 2021. This is due to revenue growth and that credit costs were controlled at a certain level and other factors.

By segment, Payment Processing Business segment profit (operating profit) was ¥11,046 mil., up 27.7% YoY; Money Service Business segment profit (operating profit) stood at ¥1,689 mil., up 26.3% YoY; Payment Enhancement Business segment profit (operating operating) of ¥86 mil., up 8.8% YoY.

For details, please refer to “② Results by segment” of the “(1) Consolidated operating results” of “1. Qualitative Information on Consolidated Financial Statements for the Quarter”.

c. Profit before income taxes

Pre-tax profit reached ¥10,526 mil., up 25.1% YoY. The reason the pre-tax profit growth rate of 25.1% YoY is lower than the operating profit growth rate of 31.4% YoY, is mainly due to equity method investment gains of ¥528 mil. recorded in the same period of the previous fiscal year.

② Results by segment

Performance by reportable segment is explained below.

(Unit: Thousand yen)

Segment	Q3 FY2020 (From October 1, 2019 to June 30, 2020)	Q3 FY2021 (From October 1, 2020 to June 30, 2021)	Rate of change (%)
Payment Processing Business			
Revenue	16,809,246	22,454,331	33.6
Operating profit (or Δ =loss)	8,647,828	11,046,570	27.7
Money Service Business			
Revenue	6,868,145	7,558,425	10.1
Operating profit (or Δ =loss)	1,337,233	1,689,120	26.3
Payment Enhancement Business			
Revenue	448,569	531,926	18.6
Operating profit (or Δ =loss)	79,967	86,982	8.8
Adjustments			
Revenue	Δ 7,296	Δ 9,610	—
Operating profit (Δ =loss)	Δ 2,286,550	Δ 2,600,412	—
Total			
Revenue	24,118,665	30,535,072	26.6
Operating profit (or Δ =loss)	7,778,478	10,222,260	31.4

a. Payment Processing Business

The main areas in the Payment Processing Business are online and recurring payment processing services, offline payment processing service and, expansion of support services to financial institutions and financial service providers. In the online payment and recurring payment domain, we focused our efforts to expand our services in order to acquire large and small-to-medium merchants across all sectors and to non-EC operators, given the backdrop of the steadily expanding E-commerce (EC) market.

The impact from the COVID-19 contagion was limited during the third quarter under review, much like the previous quarter. In the online payment and recurring payment domain, micropayment transactions increased from the rising adoption of cashless payment and expanding EC market as well as increased transactions in digital content, public utilities and taxes. This led to this segment's transaction value growing by 37.2% YoY and transaction volume growing by 39.3% YoY. Additionally, the new projects, including SMS Choice of Payment, a service to digitalize payment of electric power bills promoted by TEPCO Energy Partner, Inc. which commenced during the first quarter also contributed to segment revenues.

Despite the ongoing environment where offline consumption remains susceptible to the adverse effects of COVID-19, offline domain contributed to this segment's transaction value and volume as well as to initial revenues from strong trends of other payment terminal sales thanks to the cashless payment promotions by local/national government, including growing sales of *stera* payment terminal, the next generation payment platform. Additionally, orders in the target markets of Unattended Market, automated payment machines and ticket machines trended favorably.

As a result, segment revenues reached ¥22,454 mil., up 33.6% YoY and segment profit (operating profit) was ¥11,046 mil. up 27.7% 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 a consolidated subsidiary GMO Payment Service, Inc.

In this third quarter under review, this segment's revenues growth rates slowed due to taking a conservative stance on extending credit in consideration of COVID-19 effects despite the steady growth in transactions for GMO Payment After Delivery service as well as the hard comps against the same period of last year that saw strong nesting demand. Even so, segment profit trended favorably by maintaining the credit related costs at a certain level. Early Payment service revenues trended strongly on the back of growth in Payment Processing Business segment. Lending service to overseas operators continues to make progress in securing new potential customers that can generate stable revenues in the future. In the area of finance related service such as inter-corporate transaction, progress was made in the service expansion and collaboration with financial institutions.

As a result, segment revenue reached ¥7,558 mil., up 10.1% YoY and segment profit (operating profit) reached ¥1,689 mil., up 26.3% YoY.

GMO Payment Gateway, Inc. completed the conversion into common stock on June 18, 2021 (which is two years earlier than the initial plan) for the Zero Coupon Convertible Bonds due 2023 that was issued on June 19, 2018 for the purposes of funding for lending and working capital needs related to the MSB segment, as the requirements of the 130% call option clause set forth in the terms and conditions was fulfilled as of April 21, 2021. Additionally, GMO-PG has issued Zero Coupon Convertible Bonds due 2026 on June 22, 2021, to the total face value amount of ¥20.0 billion. The purpose is to secure additional low-cost funds to achieve sustainable growth in the MSB segment mainly to expand the overseas Lending, Transaction Lending, Early payment services that are likely to result in increasing working capital needs and funds available for lending, as well as for execution of M&A strategies in payment and FinTech domains and/or investment funds (including investments made through proprietary Funds).

c. Payment Enhancement Business

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

GMO Medical Reservations Technology Co. Ltd. offers a smartphone-based app to make reservations, fill in medical questionnaires and complete the reception and payment, as well as manage multiple patient registration cards for several medical institutions that adopt this service on a smartphone. As in the previous quarter, the third quarter (cumulative) also continued to see heightened demand for this service due to COVID-19, contributing to this segment's revenue and profit.

As a result of the above, segment revenue was ¥531 mil., up 18.6% YoY and segment profit (operating profit) was ¥86 mil. up 8.8% YoY.

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 billing and recurring billing)	GMO Payment Gateway, Inc. GMO Epsilon, Inc. (consolidated subsidiary)
	Payment processing service (Offline)	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)
	Overseas Lending	GMO Payment Gateway, Inc.
	Early Payment service	GMO Payment Gateway, Inc. GMO Epsilon, Inc. (consolidated subsidiary)
Payment Enhancement Business	Online Advertising	GMO Payment Gateway, Inc.
	Medical Kakumei byGMO	GMO Medical Reservations Technology Co., Ltd. (consolidated subsidiary)

(2) Status of consolidated financial position

① Assets, liabilities and equity

a. Assets

Total assets at the end of the consolidated third quarter under review increased by ¥21,268 mil. from the end of the previous fiscal year end to reach ¥213,290 mil. This is mainly due to an increase in cash and cash equivalents of ¥9,877 mil. and advances paid of ¥12,261 mil.

The Group has ¥22,930 mil. in deposits to subsidiaries and affiliated companies included in the balance of cash and cash equivalents at the end of the consolidated third quarter under review, as stated in ① Cash and cash equivalents" of (6) Notes regarding condensed consolidated financial statements. Together with the ¥2,000 mil. of deposits to subsidiaries and affiliated companies stated in the condensed consolidated balance sheet, the total balance of the deposits to subsidiaries and affiliated companies stands at ¥24,930 mil. These deposits are GMO Internet Inc.'s group-wide cash on hand that is deposited to the cash management system (CMS) implemented and managed by GMO Internet Inc. This allows the Group to withdraw necessary funds without the need to wait until the preset CMS repayment date, by registering a request after taking into account the number of days required for processing the application.

b. Liabilities

Balance of liabilities at the end of the consolidated third quarter under review stood at ¥157,507 mil., a decrease of ¥1,062 mil. from the end of the previous consolidated fiscal year, mainly due to an increase in corporate bonds of ¥2,757 mil., which was partially offset by the decrease in deposits received of ¥3,744 mil.

c. Equity

Equity balance at the end of the consolidated third quarter under review was ¥55,783 mil., an increase of ¥22,330 mil. from the end of the previous consolidated fiscal year. This was mainly due to the decline in retained earnings of ¥3,826 mil. from dividend payouts, which was partially offset by recording the quarterly net profit of ¥7,070 mil., issuance of the new Zero-Coupon Convertible Bond of ¥1,006 mil. and the conversion of Zero-Coupon Convertible Bond of ¥17,040 mil.

② Status of consolidated cash flows

Cash and cash equivalents ("funds") at the end of the consolidated third quarter under review increased by ¥9,877 mil. versus the balance at the start of the term, to reach ¥105,708 mil. The state of cash flows over the third quarter under review is discussed below.

a. Cash flow from operating activities

Net funds used by operating activities during the consolidated third quarter under review amounted to ¥9,050 mil., which compares to ¥43,889 mil. in net funds provided in the same period of the previous year. This resulted from cash inflows from (i) profit before tax of ¥10,526 mil., which was partially offset by cash outflows from (i) an increase in advances paid of ¥12,261 mil., (ii) decrease in deposits received of ¥3,750 mil. and (iii) corporate and income tax payment of ¥4,631 mil.

b. Cash flow from investing activities

Net funds provided by investing activities during the consolidated third quarter under review totaled ¥2,696 mil., which compares to net funds used of ¥3,827 mil. in the same period of the previous year. This is due to cash outflows from (i) acquisition of intangible assets of ¥1,198 mil., (ii) payment into deposits to subsidiaries and affiliated companies of ¥2,000 mil. which was offset by cash inflows from (i) proceeds from withdrawals from deposits to subsidiaries and affiliated companies of ¥5,000 mil. and (ii) proceeds from sales of other financial assets ¥700 mil.

c. Cash flow from financing activities

Net funds provided by financing activities over the consolidated third quarter under review was ¥16,155 mil., which compares to net funds provided of ¥28,131 mil. in the same period of the previous year. This is due to cash outflows from the (i) repayment of long-term borrowings of ¥602 mil., (ii) dividend payouts of ¥3,825 mil., which was offset by cash inflows from issuance of corporate bond of ¥21,057 mil.

(3) Review of consolidated earnings forecasts and other forecasts

The Group's core business is positioned within the E-commerce (EC) market in Japan, and Japan's B2C EC market for merchandize continues to grow very rapidly, helped by favorable externalities such as increased penetration of smartphones and logistic/distribution industry reforms. At the same time, the scope of the EC market itself is broadening driven by the online migration of B2B and C2C transactions. Furthermore, online migration of payments for non-merchandise services, public payments such as utilities, taxes and dues, as well as payments related to our daily life such as medical expenses is also progressing solidly. GMO Financial Gate, Inc., a consolidated subsidiary which addresses the offline market, is contributing to expanding the scope of business as well as facing new business opportunities in the offline market driven by the increased penetration of various cashless methods of payments including credits cards.

For the Fiscal Year ending September 2021, despite the possibility of being affected by the slump in private consumption from the resurgence of COVID-19 contagion, the adverse impact from the COVID-19 is thought to be minimal as of this writing. This is due to the continuing trends in cashless payments, online migration of payments, in addition to our business resilience against macro-economic fluctuations due to the diverse base of merchant across various industries to which the services are provided. Revenue expansion is expected in all reportable segments from the continuing efforts to acquire large and high-growth merchants and financial institutions, win orders for large projects, expansion of DX platform services and, the early monetization of new services such as the next generation payment platform *stera*.

The earnings forecast for Fiscal Year ending September 2021 is revenues of ¥39,792 mil. (up 20.4% YoY), operating profit of ¥12,985 mil. (up 25.0% YoY), pre-tax profit of ¥12,426 mil. (up 13.1% YoY), net profit of ¥8,042 mil. (up 4.5% YoY) and profit attributable to owners of parent of ¥7,930 mil. (up 4.0% YoY).

2. Condensed Consolidated Financial Statements and Major Notes

(1) Condensed consolidated balance sheet

(Unit: Thousand yen)			
	Notes	End of previous consolidated fiscal year (September 30, 2020)	End of Q3 of current consolidated fiscal year (June 30, 2021)
Assets			
Current assets			
Cash and cash equivalents	①	95,830,807	105,708,743
Operating and other receivables	②	10,782,296	9,397,816
Advances paid		31,039,748	43,301,021
Accrued revenue		23,585,142	24,880,292
Inventories		1,440,999	1,108,564
Deposits to subsidiaries and affiliates	③	5,000,000	2,000,000
Other financial assets		1,163,608	464,696
Other current assets		537,329	439,284
Total current assets		169,379,933	187,300,419
Non-current assets			
Property, plant and equipment		3,714,793	4,049,911
Goodwill and other intangible assets		4,854,253	5,462,897
Investments accounted for using the equity method		3,740,933	4,634,347
Operating and other payables	②	1,975,100	3,775,100
Other financial assets		6,711,766	6,674,845
Deferred Tax Assets		1,530,494	1,259,760
Other non-current assets		115,346	133,422
Total non-current assets		22,642,689	25,990,284
Total assets		192,022,622	213,290,703

(Unit: Thousand yen)		
	Notes	
	End of previous consolidated fiscal year (September 30, 2020)	End of Q3 of current consolidated fiscal year (June 30, 2021)
Liabilities and equity		
Liabilities		
Current liabilities		
Operating and other payables	4,296,647	4,486,905
Accrued expenses	19,385,695	20,690,423
Deposits received	87,059,213	83,314,334
Borrowings	18,800,400	18,358,520
Other financial liabilities	400,217	621,610
Income taxes payable, etc.	2,491,098	1,512,510
Provisions	352,812	328,465
Other current liabilities	3,383,652	3,187,606
Total current liabilities	136,169,737	132,500,375
Non-current liabilities		
Corporate bonds	16,814,650	19,572,433
Borrowings	131,400	21,850
Other financial liabilities	3,013,338	3,010,570
Provision	260,843	261,094
Deferred tax liabilities	54,170	43,060
Other non-current liabilities	2,124,966	2,097,664
Total non-current liabilities	22,399,369	25,006,674
Total liabilities	158,569,106	157,507,050
Equity		
Capital stock	4,712,900	13,323,135
Capital surplus	5,675,561	15,176,704
Retained earnings	20,725,465	24,265,489
Treasury stock	△1,149,341	△1,151,796
Other items of equity	1,769,560	2,251,776
Total equity attributable to owners of parent	31,734,145	53,865,309
Non-controlling interests	1,719,369	1,918,343
Total equity	33,453,515	55,783,653
Total liabilities and equity	192,022,622	213,290,703

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

Condensed consolidated statement of income

(Unit: Thousand yen)

	Notes	Q3 FY2020 (From October 1, 2019 to June 30, 2020)	Q3 FY2021 (From October 1, 2020 to June 30, 2021)
Continuing Operations			
Revenue		24,118,665	30,535,072
Cost of revenue		△6,711,606	△9,586,807
Gross profit		17,407,058	20,948,264
Other income		114,692	165,685
Selling, general and administrative expenses		△9,610,624	△10,862,189
Other expense		△132,647	△29,499
Operating profit		7,778,478	10,222,260
Financial income		289,491	377,986
Financial expense		△182,779	△146,510
Equity method investment gain/loss (△=loss)		528,794	72,344
Profit before income taxes		8,413,985	10,526,081
Corporate and income tax expenses		△2,424,742	△3,455,765
Profit from continuing operations		5,989,243	7,070,315
Discontinued Operations			
Profit/Loss from discontinued operations (△=loss)		△179,198	—
Quarterly profit		5,810,044	7,070,315
Profit attributable to			
Owners of parent		5,750,915	6,937,696
Non-controlling interests		59,129	132,618
Profit		5,810,044	7,070,315
Earnings per share			
Basic earnings per share (yen) (△=loss)			
Continuing operations		80.48	93.27
Discontinuing operations		△2.32	—
Total		78.16	93.27
Diluted earnings per share (yen) (△=loss)			
Continuing operations		78.54	91.58
Discontinuing operations		△2.25	—
Total		76.28	91.58

Condensed consolidated statement of comprehensive income

		(Unit: Thousand yen)	
	Notes	Q3 FY2020 (From October 1, 2019 to June 30, 2020)	Q3 FY2021 (From October 1, 2020 to June 30, 2021)
Profit		5,810,044	7,070,315
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Fair value of financial assets measured through other comprehensive income		298,935	46,904
Shares of other comprehensive income of equity method affiliates		256,255	537,686
Total of Items that will not be reclassified to profit or loss		555,190	584,591
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		△222,658	247,787
Shares of other comprehensive income of equity method affiliates		15,005	79,571
Total of items that will be reclassified to profit or loss		△207,653	327,358
Other comprehensive income after income taxes		347,537	911,949
Comprehensive income		6,157,582	7,982,265
Comprehensive income attributable to			
Owners of parent		6,097,274	7,848,763
Non-controlling interests		60,307	133,502
Total		6,157,582	7,982,265

(3) Condensed consolidated statement of changes in equity

Third quarter of the previous consolidated fiscal year (From October 1, 2019 to June 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	Non-controlling interests	Total Equity
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 accounting changes	—	—	△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	—	—	5,750,915	—	—	5,750,915	59,129	5,810,044
Other comprehensive income	—	—	—	—	346,358	346,358	1,178	347,537
Comprehensive income	—	—	5,750,915	—	346,358	6,097,274	60,307	6,157,582
Disposal of treasury shares	—	33,085	—	32,504	—	65,590	—	65,590
Dividends	—	—	△2,648,221	—	—	△2,648,221	—	△2,648,221
Transfer from other items of equity to retained earnings	—	—	25,788	—	△25,788	—	—	—
Share-based payment transaction	—	109,953	—	—	△22	109,931	14,610	124,541
Changes in the interest in controlled subsidiary	—	△9,528	—	—	—	△9,528	—	△9,528
Change from sales of consolidated subsidiary	—	△308,934	—	—	—	△308,934	168,522	△140,412
Other increase/decrease	—	—	—	—	△313	△313	—	△313
Total transactions with owners	—	△175,423	△2,622,433	32,504	△26,125	△2,791,477	183,132	△2,608,345
Balance as of June 30, 2020	4,712,900	5,672,056	18,915,683	△1,149,341	1,551,888	29,703,186	1,249,133	30,952,320

Third quarter of the current consolidated fiscal year (From October 1, 2020 to June 30, 2021)

(Unit: Thousand yen)

Notes	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other items of equity	Total equity attributable to owners of parent	Non-controlling interests	Total Equity
Balance as of October 1, 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
Profit	—	—	6,937,696	—	—	6,937,696	132,618	7,070,315
Other comprehensive income	—	—	—	—	911,066	911,066	883	911,949
Comprehensive income	—	—	6,937,696	—	911,066	7,848,763	133,502	7,982,265
Purchase of treasury stock	—	—	—	△2,454	—	△2,454	—	△2,454
Dividends	—	—	△3,826,483	—	—	△3,826,483	—	△3,826,483
Dividends paid to non-controlling interests	—	—	—	—	—	—	△63,671	△63,671
Issuance of convertible bond-type bonds with stock acquisition rights	—	1,006,926	—	—	—	1,006,926	—	1,006,926
Conversion of convertible bond-type bonds with stock acquisition rights	8,610,235	8,430,623	—	—	—	17,040,858	—	17,040,858
Transfer from other items of equity to retained earnings	—	—	428,809	—	△428,809	—	—	—
Share-based payment transaction	—	77,669	—	—	△39	77,629	—	77,629
Changes in the interest in controlled subsidiary	—	△26,969	—	—	—	△26,969	129,142	102,173
Changes in ownership interest in associates	—	12,893	—	—	—	12,893	—	12,893
Total transactions with owners	8,610,235	9,501,143	△3,397,673	△2,454	△428,849	14,282,401	65,471	14,347,872
Balance as of June 30, 2021	13,323,135	15,176,704	24,265,489	△1,151,796	2,251,776	53,865,309	1,918,343	55,783,653

(4) Condensed consolidated statement of cash flows

(Unit: Thousand yen)

	Notes	Q3 FY2020 (From October 1, 2019 to June 30, 2020)	Q3 FY2021 (From October 1, 2020 to June 30, 2021)
Cash flow from operating activities			
Profit before income taxes		8,413,985	10,526,081
Profit before income taxes from discontinued operations (Δ =loss)		Δ 158,338	—
Depreciation & Amortization		1,117,664	1,387,859
Impairment Loss		115,793	—
Gain/loss from sale of subsidiary (Δ =gain)		172,466	—
Financial income and expense (Δ =gain)		Δ 85,335	Δ 231,476
Equity method investment gain/loss (Δ =gain)		Δ 528,794	Δ 72,344
Increase/decrease in inventories (Δ =increase)		Δ 278,124	332,434
Increase/decrease in operating and other receivables (Δ =increase)		Δ 742,104	Δ 233,425
In/Decrease in advances paid (Δ =increase)		Δ 3,121,099	Δ 12,261,272
In/Decrease in accrued revenues (Δ =increase)		Δ 3,619,114	Δ 1,292,995
In/Decrease in operating payables (Δ =decrease)		1,463,044	189,890
In/Decrease in accrued expenses (Δ =decrease)		5,789,690	1,120,577
In/Decrease in deposits received (Δ =decrease)		38,035,197	Δ 3,750,323
In/Decrease in other current liabilities (Δ =decrease)		286,570	Δ 238,224
Other		139,863	187,035
Subtotal		47,001,365	Δ 4,336,183
Interest and dividends received		30,973	17,547
Interest paid		Δ 124,444	Δ 101,009
Corporate income taxes paid		Δ 3,018,886	Δ 4,631,067
Cash flow from operating activities		43,889,007	Δ 9,050,713
Cash flow from investing activities			
Purchase of property, plants and equipment		Δ 380,580	Δ 205,535
Purchase of intangible assets		Δ 1,176,244	Δ 1,198,103
Purchase of investment securities		Δ 892,432	Δ 102,954
Proceeds from sale of investment securities		—	489,922
Proceeds from redemption of investments partnerships		340,691	136,132
Payments into deposits to subsidiaries and affiliates		—	Δ 2,000,000
Proceeds from withdrawal of deposits to subsidiaries and affiliates		—	5,000,000
Purchase of other financial assets		Δ 803,706	Δ 158
Proceeds from sales of other financial assets		116,887	700,555
Purchase of shares of subsidiaries resulting in change in scope of consolidation		—	Δ 108,566
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation		Δ 968,256	—
Others		Δ 63,398	Δ 14,993
Cash flow from investing activities		Δ 3,827,038	2,696,297

(Unit: Thousand yen)			
	Notes	Q3 FY2020 (From October 1, 2019 to June 30, 2020)	Q3 FY2021 (From October 1, 2020 to June 30, 2021)
Cash flow from financing activities			
In/Decrease in short-term borrowings (Δ =decrease)		4,000,000	—
Repayment of long-term borrowings		Δ 1,067,200	Δ 602,055
Proceeds from issuance of bonds		—	21,057,055
Purchase of treasury shares		—	Δ 2,454
Cash dividends paid		Δ 2,647,811	Δ 3,825,963
Dividends paid to non-controlling interests		—	Δ 63,493
Capital contributions from non-controlling interests		—	122,413
Other		Δ 256,856	Δ 530,281
Cash flow from financing activities		28,131	16,155,221
Effect of exchange rate changes on cash and cash equivalents		Δ 64,465	77,129
Increase and decrease in cash and cash equivalents (Δ =decrease)		40,025,634	9,877,935
Balance of cash and cash equivalents at the beginning of the period	①	52,013,447	95,830,807
Cash and cash equivalents at the end of period	①	92,039,082	105,708,743

(5) Notes regarding the going concern assumptions

N/A

(6) Notes regarding condensed consolidated financial statements

① Cash and cash equivalents

Breakdown of cash and cash equivalents are as follows.

(Unit: Thousand yen)

	End of previous consolidated fiscal year (September 30, 2020)	End of Q3 of current consolidated fiscal year (June 30, 2021)
Cash and cash equivalents	94,880,807	82,778,743
Deposits to subsidiaries and affiliates	950,000	22,930,000
Total	95,830,807	105,708,743

② Operating and other receivables

Breakdown of operating and other receivables are as follows.

(Unit: Thousand yen)

	End of previous consolidated fiscal year (September 30, 2020)	End of Q3 of current consolidated fiscal year (June 30, 2021)
Accounts receivable - trade	5,187,311	5,989,684
Operating loans	6,040,284	7,211,970
Other	1,628,262	84,673
Allowance for doubtful accounts	△98,461	△113,412
Total	12,757,396	13,172,916
Current assets	10,782,296	9,397,816
Non-current assets	1,975,100	3,775,100
Total	12,757,396	13,172,916

③ Deposits to subsidiaries and affiliates

Deposits to subsidiaries and affiliates are the deposits made under the CMS (cash management system) of GMO Internet Group.