

Summary of Consolidated Financial Statements for the Third Quarter of FY2020 (IFRS)

August 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/	
Representative:	Issei Ainoura	President & Chief Executive Officer		
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Scheduled submission date of quarterly report	August 12, 2020	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, FY2020 (From October 1, 2019 to June 30, 2020)

(1) Consolidated Financial Statements (Cumulative)

(Percentages represent year-on-year % 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 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
Q3 FY2019	20,108	-	6,932	-	6,749	-	4,214	40.2	4,252	41.0	3,587	△29.8

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Q3 FY2020	78.16		76.28	
Q3 FY2019	57.81		56.55	

(Note) Macro Kiosk Berhad has been deconsolidated from Q3 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 Q3 FY2019 have been similarly restated, and the year-on-year percentage figures for Q3 FY2019 are not shown for this reason.

For details, please refer to page 19, "⑤ Discontinued operations" found in "(6) Notes regarding condensed consolidated financial statements," under "2. 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
	Mil. Yen	Mil. Yen	Mil. Yen	%
Q3 FY2020	192,661	30,952	29,703	15.4
FY2019	139,990	27,539	26,494	18.9

2. Dividends

	Annual dividend				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2019	0.00	0.00	0.00	36.00	36.00
FY2020	0.00	0.00	0.00		
FY2020 (forecast)				42.00	42.00

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

3. Consolidated Financial Forecast for the Fiscal Year Ending September 2020 (From October 1, 2019 to September 30, 2020)

(% 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	31,418	16.7	10,376	8.5	9,867	6.1	6,216	23.0	6,110	16.0	83.06

(Note 1) Revision of the most recently released financial forecast: No

(Note 2) The corresponding previous term's figures have been restated to present continuing operations only, and the year-on-year percentages are computed on this basis. The year-on-year change in operating profit of ¥10,376 mil. would be 25.0% YoY if compared against the previous term's operating profit of ¥8,301 mil. including discontinued operations.

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

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

[1] Number of shares issued at the end of the term Q3 FY2020: 74,301,000 FY 2019: 74,301,000
(including treasury stock)

[2] Number of treasury shares at the end of the term Q3 FY2020: 714,781 FY 2019: 739,281

[3] Average number of shares during the term Q3 FY2020: 73,577,545 Q3 FY2019: 73,562,350

(Note) Number of treasury shares at the end of the term above include the shares attributed to the directors' remuneration board incentive plan trust and J-ESOP (734,205 shares for FY2019; 709,705 shares for Q3 FY2020.)

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

* Notes regarding the appropriate use of financial forecast and other important notes

1. The above forecasts are outlooks based on information currently available, and include various uncertain factors.

Actual performance may differ substantially from the forecasts due to changes in business conditions and other factors.

For the assumption on which financial forecasts are based and matters to be considered in using financial forecasts, please refer to "(3) Review of consolidated earnings forecasts and other forecasts" under "1. Qualitative Information on Consolidated Financial Statements for the Quarter" on page 10 of the attachment.

2. Results Presentation for Investors and Analysts to be held on August 13, 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 Quarter

(1) Consolidated operating results

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

Macro Kiosk Berhad has been deconsolidated from Third Quarter of Fiscal Year Ending September 2020 and has been reclassified as discontinued operation 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 Third Quarter of 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 cumulative third quarter of the consolidated fiscal year 2020 (October 1, 2019 to June 30, 2020) as follows.

(Unit: Thousand yen)

	Q3 FY2019 (From October 1, 2018 to June 30, 2019)	Q3 FY2020 (From October 1, 2019 to June 30, 2020)	Rate of change (%)
Revenue	20,108,691	24,118,665	19.9
Operating profit	6,932,045	7,778,478	12.2
Profit before income taxes	6,749,720	8,413,985	24.7
Profit attributable to owners of parent	4,252,580	5,750,915	35.2

a. Revenue

The Group's revenue reached to ¥24,118 mil., up by 19.9% YoY. Overall transactions trended favorably due to nesting demand, despite the decline in transactions at some merchants 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 domain. The Money Service Business (MSB) revenue grew from the strong trends seen in GMO Payment After Delivery transactions, a type of deferred payment service. Payment Processing Business revenue was ¥16,809 mil. (up 21.2% YoY), Money Service Business (MSB) revenue was ¥6,868 mil. (up 19.6% YoY) and Payment Enhancement Business revenue was ¥448 mil. (down 9.8% YoY). For details, please refer to page 6 of "② Results 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 FY2019 (From October 1, 2018 to June 30, 2019)	Q3 FY2020 (From October 1, 2019 to June 30, 2020)	Rate of change (%)
Initial (Initial revenue)	1,029,560	1,874,154	82.0
Stock (Fixed revenue)	3,637,816	4,231,674	16.3
Fee (Transaction processing revenue)	5,566,380	6,403,742	15.0
Spread (Merchant acquiring service revenue)	9,874,933	11,609,093	17.6
Total	20,108,691	24,118,665	19.9

b. Operating profit

Operating profit reached ¥7,778 mil., up by 12.2% YoY. Operating profit grew by 12.2% YoY compared to the revenue growth of 19.9% YoY due to unfavorable comparison with the previous Q3 that benefited from a one-off decline in expenses related to lower credit risks resulting from various corporate efforts and the efforts to control expenses after this one-off expense reduction.

By segment, Payment Processing Business segment profit (operating profit) was ¥8,647 mil., up 17.6% YoY; Money Service Business segment profit (operating profit) stood at ¥1,337 mil., down 9.5% YoY; and, Payment Enhancement Business segment profit (operating operating) of ¥79 mil., down 33.4% YoY.

For details please refer to page 6 of “② Results by segment” of the “(1) Consolidated operating results”.

c. Profit before income taxes

Pre-tax profit reached ¥8,413 mil., up 24.7% YoY. The reason the pre-tax profit growth rate of 24.7% YoY is higher than the operating profit growth rate of 12.2% YoY, is due to gains on investment partnerships of ¥261mil. that increased the financial income to ¥289mil. (versus ¥33mil. in the previous Q3) and equity method investment gains of ¥528mil. (versus an equity method loss of ¥9mil. in the previous Q3).

Additionally, due to reclassifying Macro Kiosk Berhad as a discontinued operation, the quarterly loss from discontinued operations of ¥179 mil. is recorded in the Q3 results.

Details are presented on page 19, “⑤ Discontinued operations” found in “(6) Notes regarding condensed consolidated financial statements,” under “2. Condensed consolidated financial statements and major notes”.

② Results by segment

Performance by reportable segment is explained below.

(Unit: Thousand yen)

Segment	Q3 FY2019 (From October 1, 2018 to June 30, 2019)	Q3 FY2020 (From October 1, 2019 to June 30, 2020)	Rate of change (%)
Payment Processing Business			
Revenue	13,866,435	16,809,246	21.2
Operating profit	7,352,230	8,647,828	17.6
Money Service Business			
Revenue	5,744,779	6,868,145	19.6
Operating profit	1,477,868	1,337,233	△9.5
Payment Enhancement Business			
Revenue	497,476	448,569	△9.8
Operating profit	120,011	79,967	△33.4
Adjustments			
Revenue	—	△7,296	—
Operating profit	△2,018,064	△2,286,550	—
Total			
Revenue	20,108,691	24,118,665	19.9
Operating profit	6,932,045	7,778,478	12.2

a. Payment Processing Business

The main focus areas of the Payment Processing Business are online payment, recurring payment 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 our services to non-EC operators given the backdrop of a steadily expanding EC market.

The spread of COVID-19 continued to affect financial performance of the current quarter since Q2 FY2020. In particular, the declaration of a State of Emergency by the Japanese government (from April 7, 2020 to May 25, 2020) suppressed consumption in the offline market while favorably affecting online payments due to the nesting demand. That said, offline consumption is in a gradual recovery trend since the lifting of the State of Emergency on May 25, 2020.

Specifically, the impact from COVID-19 on earnings was seen in transaction value growth of 22.7% YoY due to the adverse impact to some merchants in the travel and ticket sales sector where per-transaction-value is relatively high. On the other hand, transaction volume growth of 41.5% YoY exceeded the transaction value growth due to the increase in micropayment transactions on the back of expanding EC market and rising penetration of cashless payment, coupled with the revenue contribution from the increase in online transactions of household items, digital content and public dues and taxes.

In the offline domain, the adverse impact from COVID-19 continued from Q2 into the current quarter due to depressed offline consumption. Despite this, sales of payment terminals trended favorably from the Installment Sales Act amendment leading to replacement demand for IC-chip enabled terminals, and 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 revenues reached ¥16,809 mil., up 21.2% YoY and segment profit (operating profit) was ¥8,647 mil. up 17.6% 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.

In this third quarter under review, GMO Payment After Delivery, a type of deferred payment service, showed a steady trend supported by growing nesting demand despite some merchants that were adversely affected by COVID-19. In addition, lending service to overseas operators, GMO B2B Early Payment and GMO B2B AR Guarantee services also grew. Remittance service grew on the back of the increased demand for refunds due to COVID-19, and Early Payment service revenues also increased YoY during the third quarter under review. As a result, segment revenue reached ¥6,868 mil., up 19.6% YoY and segment profit (operating profit) reached ¥1,337 mil., a decline of 9.5% YoY due to the slowdown of few services and unfavorable comps against the previous third quarter 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 which provides analytics and advertisement management service based on transactional trends to support our merchants' growth, 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 declined YoY due to business restructuring, it exceeded internal plans from the increased online advertising demand from expanding EC market due to COVID-19.

As a result of the above, segment revenue was ¥448 mil., down 9.8% YoY and segment profit (operating profit) was ¥79 mil., down 33.4% YoY.

With the transfer of all the share 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) presents only the continuing operations, and year-on-year percentages are computed by similarly restating the previous term's figures.

Details are presented on page 19, "⑤ Discontinued operations" found in "(6) Notes regarding condensed consolidated financial statements," under "2. 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 billing 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

Assets, liabilities and net assets

a. Assets

Total assets at the end of the consolidated third quarter under review increased by ¥52,670 mil. from the end of the previous fiscal year end to reach ¥192,661 mil. This is mainly due to an increase in cash and cash equivalents of ¥40,025 mil., an increase in advance payment of ¥3,121 mil., an increase in accrued revenues of ¥3,618 mil. and the increase of tangible fixed assets of ¥3,316 mil.

The Group has ¥1,350 mil. 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 ② "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 ¥6,350 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 necessary funds 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 third quarter under review stood at ¥161,709 mil., an increase of ¥49,257 mil. from the end of the previous consolidated fiscal year, mainly due to an increase in accrued expenses of ¥5,645 mil., an increase in deposits received of ¥38,034 mil., an increase in borrowings of ¥2,932 mil. and the increase in other financial liabilities of ¥3,125 mil.

c. Equity

Equity balance at the end of the consolidated third quarter under review was ¥30,952 mil., an increase of ¥3,413 mil. from the end of the previous consolidated fiscal year. This was mainly due recording the quarterly net profit of ¥5,810 mil. and other comprehensive profit of ¥347 mil., which was partially offset by the decline in retained earnings of ¥2,648 mil. from dividend payouts.

② Status of consolidated cash flows

Cash and cash equivalents ("funds") at the end of the consolidated third quarter under review increased by ¥40,025 mil. versus the balance at the start of the term, to reach ¥92,039 mil. The state of cash flows over the third quarter under review is discussed below.

a. Cash flow from operating activities

Net funds provided by operating activities during the consolidated third quarter under review amounted to ¥43,889 mil., which compares to ¥1,886 mil. in net funds used in the same period of the previous year. This resulted from cash outflows from (i) an increase in advances paid of ¥3,121 mil., (ii) an increase in accrued revenues of ¥3,619 mil. (iii) corporate and income tax payment of ¥3,018 mil. which was partially offset by cash inflows of (i) profit before tax of ¥8,413 mil., (ii) increase in accrued expenses of ¥5,789 mil., and (iii) increase in deposits received of ¥38,035 mil.

b. Cash flow from investing activities

Net funds used by investing activities during the consolidated third quarter under review totaled ¥3,827 mil., which compares to a net funds used of ¥533 mil. in the same period of the previous year. This is due to cash outflows from (i) acquisition of intangible assets of ¥1,176 mil., (ii) payment for acquisition of investment securities of ¥892 mil., (iii) payment for acquisition of other financial assets of ¥803 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 provided by financing activities over the consolidated third quarter under review was a ¥28 mil., which compares to net funds used of ¥103 mil. in the same period of the previous year. This is due to cash outflows from repayments of long-term borrowings of ¥1,067 mil., dividend payouts of ¥2,647 mil., which was partially offset by net inflows from the increase in short term borrowings of ¥4,000 mil.

(3) Review of consolidated earnings forecasts and other forecasts

The Group's core business is positioned within the EC market in Japan, and Japan's B2C EC market for merchandizing 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 broader EC market, which is our addressable market, is expanding from the widening scope of EC market driven by the online migration of B2B and C2C transactions. We are committed to achieving over 25% operating profit growth in the medium to long term by focusing on FinTech in the Money Service Business (MSB) segment, cashless domain where Japan is expected to catch up to overseas levels, IoT in the offline market and, on global expansion as well.

As announced in the press release dated May 19, 2020 titled "Updated Notice Concerning Waiver of Claims to a Consolidated Subsidiary and Transfer of Shares due to the Transfer of the Same Consolidated Subsidiary", Macro Kiosk has been deconsolidated on May 2020 and reclassified as a discontinued operation. Details are provided in on page 19, "⑤ Discontinued operations" found in "(6) Notes regarding condensed consolidated financial statements," under "2. Condensed financial statements and major notes".

As a result, we have revised the earnings forecast for Fiscal Year ending September 30, 2020 due to restating the revenue, operating profit and, profit before income taxes to exclude the discontinued operations and only present continuing operations.

As a result of this revision, revenue has been revised downwards, but there are no changes to the profit figures compared to the previous forecast, as the impact from this revision is minimal. Also note that current operating profit forecast (B) of ¥10,376 mil. is an 8.5% YoY increase compared to previous year's reference operating profit of ¥9,562 mil. However, the growth rate would be a 25.0% YoY increase when compared to previous year's operating profit of ¥8,301 mil. including discontinued operations.

	Revenue	Operating profit	Profit before income taxes	Profit	Profit attributable to owners of parent	Basic earnings per share
	Yen Mil.	Yen Mil.	Yen Mil.	Yen Mil.	Yen Mil.	Yen
Previous Forecast (A)	36,618	10,376	9,867	6,216	6,110	83.06
Current Forecast (B)	31,418	10,376	9,867	6,216	6,110	83.06
In/Decrease (B-A)	△5,200	-	-	-	-	-
In/Decrease (%)	△14.2	-	-	-	-	-
(Reference) Previous Term (FY2019)	26,922	9,562	9,297	5,052	5,267	71.61

(Reference) Previous Term: The figures for fiscal year ending September 2019 are restated to exclude discontinued operations and present only continuing operations.

Regarding our response to the COVID-19 contagion, business activities have basically switched to remote working from January 27, 2020, and we do not detect any noticeable decline in productivity and efficiency although there has been some delays in system development for some of the projects. Additionally, while there is the possibility of being affected from the overall weakness in private consumption, we currently assess the impact from COVID-19 to our earnings as minimal given the widely dispersed merchant sectors for the online business making our business less susceptible to a crisis in any one sector, and the increasing online shift of offline businesses.

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, 2019)	End of Q3 of current consolidated fiscal year (June 30, 2020)
Assets			
Current assets			
Cash and cash equivalents	②	52,013,447	92,039,082
Operating and other receivables	③	13,663,112	11,123,448
Advances paid		32,496,862	35,617,962
Accrued revenue		21,566,393	25,184,995
Inventories		207,280	485,405
Deposits to subsidiaries and affiliates	④	—	5,000,000
Other financial assets		165,584	875,058
Other current assets		956,398	572,992
Total current assets		121,069,081	170,898,944
Non-current assets			
Tangible assets	①	517,509	3,833,753
Goodwill and other intangible assets		4,359,129	4,784,711
Investments accounted for using equity method		3,001,692	3,752,145
Operating and other payables	③	—	1,975,100
Deposits to subsidiaries and affiliates	④	5,000,000	—
Other financial assets		4,803,089	6,267,976
Deferred Tax Assets		1,124,014	1,022,065
Other non-current assets		116,082	126,711
Total non-current assets		18,921,518	21,762,464
Total assets		139,990,599	192,661,409

		(Unit: Thousand yen)	
	Notes	End of previous consolidated fiscal year (September 30, 2019)	End of Q3 of current consolidated fiscal year (June 30, 2020)
Liabilities and equity			
Liabilities			
Current liabilities			
Operating and other payables		4,688,856	4,380,075
Accrued expenses		16,118,112	21,763,585
Deposits received		50,834,374	88,869,310
Borrowings		15,800,400	19,800,400
Other financial liabilities	①	108,534	344,188
Income taxes payable, etc.		1,569,616	1,219,774
Provisions		396,631	367,762
Other current liabilities		2,229,923	2,398,352
Total current liabilities		91,746,449	139,143,450
Non-current liabilities			
Corporate bonds		16,745,648	16,797,352
Borrowings		1,398,700	331,500
Other financial liabilities	①	223,363	3,113,262
Provision		35,848	129,761
Deferred tax liabilities		85,604	54,758
Other non-current liabilities		2,215,686	2,139,003
Total non-current liabilities		20,704,851	22,565,638
Total liabilities		112,451,301	161,709,089
Equity			
Capital stock		4,712,900	4,712,900
Capital surplus		5,847,480	5,672,056
Retained earnings	①	15,884,444	18,915,683
Treasury stock		△1,181,846	△1,149,341
Other items of equity		1,231,655	1,551,888
Total equity attributable to owners of parent		26,494,633	29,703,186
Minority interests	①	1,044,664	1,249,133
Total equity		27,539,297	30,952,320
Total liabilities and equity		139,990,599	192,661,409

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

Condensed consolidated statement of income

		(Unit: Thousand yen)	
	Notes	Q3 FY2019 (From October 1, 2018 to June 30, 2019)	Q3 FY2020 (From October 1, 2019 to June 30, 2020)
Continuing Operations			
Revenue		20,108,691	24,118,665
Cost of revenue		△5,686,197	△6,711,606
Gross profit		14,422,494	17,407,058
Other income		100,818	114,692
Selling, general and administrative expenses		△7,516,551	△9,610,624
Other expense		△74,716	△132,647
Operating profit		6,932,045	7,778,478
Financial income		33,328	289,491
Financial expense		△206,386	△182,779
Equity method investment gains or loss		△9,266	528,794
Profit before income taxes		6,749,720	8,413,985
Income tax expenses		△2,364,763	△2,424,742
Profit from continuing operations		4,384,957	5,989,243
Discontinued Operations			
Profit/Loss from discontinued operations (△=loss)		△170,406	△179,198
Quarterly profit		4,214,550	5,810,044
Profit attributable to			
Owners of parent		4,252,580	5,750,915
Non-controlling interests		△38,030	59,129
Profit		4,214,550	5,810,044
Earnings per share			
Basic earnings per share (yen) (△=loss)			
Continuing operations		59.35	80.48
Discontinuing operations		△1.54	△2.32
Total		57.81	78.16
Diluted earnings per share (yen) (△=loss)			
Continuing operations		58.04	78.54
Discontinuing operations		△1.49	△2.25
Total		56.55	76.28

Condensed consolidated statement of comprehensive income

		(Unit: Thousand yen)	
	Notes	Q3 FY2019 (From October 1, 2018 to June 30, 2019)	Q3 FY2020 (From October 1, 2019 to June 30, 2020)
Profit		4,214,550	5,810,044
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Fair value of financial assets measured through other comprehensive income		△476,673	298,935
Shares of other comprehensive income of equity method affiliates		△49,001	256,255
Total of Items that will not be reclassified to profit or loss		△525,675	555,190
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		△34,598	△222,658
Shares of other comprehensive income of equity method affiliates		△66,589	15,005
Total of items that will be reclassified to profit or loss		△101,187	△207,653
Other comprehensive income after income taxes		△626,862	347,537
Comprehensive income		3,587,687	6,157,582
Comprehensive income attributable to			
Owners of parent		3,621,452	6,097,274
Non-controlling interests		△33,764	60,307
Total		3,587,687	6,157,582

(3) Condensed consolidated statement of changes in equity

First nine months of the previous consolidated fiscal year (From October 1, 2018 to June 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		—	—	4,252,580	—	—	4,252,580	△38,030	4,214,550
Other comprehensive income		—	—	—	—	△631,128	△631,128	4,266	△626,862
Quarterly comprehensive income		—	—	4,252,580	—	△631,128	3,621,452	△33,764	3,587,687
Purchase of treasury stock		—	—	—	△689,952	—	△689,952	—	△689,952
Dividends		—	—	△2,136,041	—	—	△2,136,041	—	△2,136,041
Transfer from accumulated other comprehensive income to retained earnings		—	—	1,006	—	△1,006	—	—	—
Share-based payment transaction		—	66,019	—	—	—	66,019	20,386	86,406
Total transactions with owners		—	66,019	△2,135,034	△689,952	△1,006	△2,759,974	20,386	△2,739,587
Balance as of June 30, 2019		4,712,900	5,824,467	14,797,908	△1,181,846	1,309,169	25,462,599	1,210,434	26,673,033

First nine months of the current 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	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 accounting changes	①	—	—	△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
Quarterly 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 accumulated other comprehensive income 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
Changes from sale of shares in 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

(4) Condensed consolidated statement of cash flows

(Unit: Thousand yen)

	Notes	Q3 FY2019 (From October 1, 2018 to June 30, 2019)	Q3 FY2020 (From October 1, 2019 to June 30, 2020)
Net cash provided by (used in) operating activities			
Profit before income taxes		6,749,720	8,413,985
Profit before income taxes from discontinued operations (Δ =loss)		Δ 167,613	Δ 158,338
Depreciation & Amortization		810,018	1,117,664
Impairment Loss		—	115,793
Gain/Loss from sale of subsidiary		—	172,466
Financial income and expense		168,665	Δ 85,335
Equity method investment gain/loss (Δ =increase)		9,266	Δ 528,794
Increase/decrease in inventories (Δ =increase)		Δ 81,753	Δ 278,124
Increase/decrease in operating and other receivables (Δ =increase)		1,046,826	Δ 742,104
In/Decrease in advances paid (Δ =increase)		Δ 6,549,797	Δ 3,121,099
Accrued revenues (Δ =increase)		Δ 4,845,962	Δ 3,619,114
In/Decrease in operating payables (Δ =decrease)		48,651	1,463,044
In/Decrease in accrued expenses (Δ =decrease)		528,574	5,789,690
In/Decrease in deposits received (Δ =decrease)		6,481,777	38,035,197
In/Decrease in provisions (Δ =decrease)		355,680	Δ 28,869
Other		Δ 585,475	455,303
Subtotal		3,968,578	47,001,365
Interest and dividends received		38,052	30,973
Interest paid		Δ 38,360	Δ 124,444
Increase in Deposits		Δ 3,119,940	—
Income taxes paid/refunded		Δ 2,735,313	Δ 3,018,886
Net cash provided by (used in) operating activities		Δ 1,886,982	43,889,007
Net cash provided by (used in) investing activities			
Payment from time deposits		689,374	—
Purchase of property, plants and equipment		Δ 119,838	Δ 380,580
Purchase of intangible assets		Δ 913,122	Δ 1,176,244
Purchase of investment securities		Δ 204,318	Δ 892,432
Proceeds from sale of investment securities		41,040	—
Proceeds from redemption of investments partnerships		110,805	340,691
Purchase of other financial assets		Δ 92,167	Δ 803,706
Proceeds from sales of other financial assets		8,077	116,887
Payment for sale of subsidiary shares resulting in change in the scope of consolidation		—	Δ 968,256
Others		Δ 52,859	Δ 63,398
Net cash provided by (used in) investing activities		Δ 533,010	Δ 3,827,038

(Unit: Thousand yen)			
	Notes	Q3 FY2019 (From October 1, 2018 to June 30, 2019)	Q3 FY2020 (From October 1, 2019 to June 30, 2020)
Net cash provided by (used in) financing activities			
In/Decrease in short-term borrowings (△=decrease)		3,399,000	4,000,000
Repayment of long-term borrowings		△600,300	△1,067,200
Payment for stock buyback		△689,952	—
Dividends paid		△2,133,724	△2,647,811
Other		△78,135	△256,856
Net cash provided by (used in) financing activities		△103,111	28,131
Effect of exchange rate changes on cash and cash equivalents		△106,362	△64,465
Increase and decrease in cash and cash equivalents (△=decrease)		△2,629,467	40,025,634
Balance of cash and cash equivalents at the beginning of the period	②	42,033,124	52,013,447
Cash and cash equivalents at the end of period	②	39,403,656	92,039,082

(5) Notes regarding the going concern assumptions

N/A

(6) Notes regarding condensed consolidated financial statements

② Cash and cash equivalents

Breakdown of cash and cash equivalents are as follows.

(Unit: Thousand yen)

	End of previous consolidated fiscal year (September 30, 2019)	End of Q3 of current consolidated fiscal year (June 30, 2020)
Cash and cash equivalents	49,213,447	90,689,082
Deposits to subsidiaries and affiliates	2,800,000	1,350,000
Total	52,013,447	92,039,082

③ Operating and other receivables

Breakdown of operating and other receivables are as follows.

(Unit: Thousand yen)

	End of previous consolidated fiscal year (September 30, 2019)	End of Q3 of current consolidated fiscal year (June 30, 2020)
Accounts receivable - trade	5,663,939	5,276,843
Operating loans	7,514,754	6,812,078
Other	590,916	1,105,776
Allowance for doubtful accounts	△106,498	△96,149
Total	13,663,112	13,098,548

④ Deposits to subsidiaries and affiliates

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

⑤ Discontinued operations

Third Quarter of Fiscal Year Ending in September 2020 (from October 1, 2019 to June 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 of 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 in the condensed consolidated financial statements. The Sale was completed on May 18, 2020.

b. Profit/Loss from discontinued operation

(Unit: Thousand yen)

	Q3 FY2019 (From October 1, 2018 to June 30, 2019)	Q3 FY2020 (From October 1, 2019 to June 30, 2020)
Income	3,858,897	3,858,555
Expenses (see Note)	△4,026,511	△4,016,892
Quarterly Profit/Loss before income taxes from discontinued operation	△167,613	△158,338
Corporate tax expense (see Note)	△2,793	△20,859
Quarterly profit/loss from discontinued operation	△170,406	△179,198

(Note) The figure for Q3 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

(Unit: Thousand yen)

	Q3 FY2019 (From October 1, 2018 to June 30, 2019)	Q3 FY2020 (From October 1, 2019 to June 30, 2020)
Net cash provided by (used in) operating activities	△181,100	431,502
Net cash provided by (used in) investing activities (see Note)	△89,821	△33,783
Net cash provided by (used in) financing activities	△9,234	△62,431
Total	△280,155	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 the loss of controlling interest is as shown below.

(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