

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

February 10, 2021

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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 Scheduled submission date of quarterly report: February 12, 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 First Quarter, FY2021 (From October 1, 2020 to December 31, 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	%
Q1 FY2021	9,767	28.5	3,122	48.3	3,038	10.1	1,749	△0.3	1,704	△1.4	1,504	△24.4
Q1 FY2020	7,602	-	2,105	-	2,758	-	1,754	67.1	1,729	60.2	1,989	832.9
	Basic earnings per share				Diluted earnings per share							
	Yen				Yen							
Q1 FY2021	23.16				22.52							
Q1 FY2020	23.51				22.95							

(Note) Macro Kiosk Berhad has been deconsolidated 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 Q1 FY2020 have been similarly restated, and the year-on-year percentage figures for Q1 FY2020 not shown for this reason.

(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	%
Q1 FY2021	210,476	31,683	29,963	14.2
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	Yen	Yen	Yen	Yen
FY2020	0.00	0.00	0.00	52.00	52.00
FY2021	0.00				
FY2021 (forecast)		0.00	0.00	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
2Q FY2021	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) Revision to the most recently released financial forecast: No

The figures for revenue, operating profit and profit before income taxes present the amounts for continuing operations only. The figures for the corresponding previous term have been restated to present continuing operations only, and the year-on-year percentages are computed on this 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.: 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) Q1 FY2021: 74,372,678 FY 2020: 74,301,000

[2] Number of treasury shares at the end of the term Q1 FY2021: 714,782 FY 2020: 714,781

[3] Average number of shares during the term Q1 FY2021: 73,613,809 Q1 FY2020: 73,561,719

(Note 1) 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 (709,705 shares for FY2020; 709,705 shares for Q1 FY2021.)

* 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 9 of the attachment.

- 2 Results Presentation for Investors and Analysts to be held on February 12, 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 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, figures for Q1 FY2020 for revenue, operating profit and profit before income taxes have been restated to exclude the discontinued operation and present the amounts for continuing operations only.

① Consolidated operating results

The Group announces its earnings results for the cumulative first quarter of the consolidated fiscal year 2021 (October 1, 2020 to December 31, 2020) as follows.

(Unit: Thousand yen)

	Q1 FY2020 (From October 1, 2019 to December 31, 2019)	Q1 FY2021 (From October 1, 2020 to December 31, 2020)	Rate of change (%)
Revenue	7,602,916	9,767,132	28.5
Operating profit	2,105,372	3,122,699	48.3
Profit before income taxes	2,758,778	3,038,656	10.1
Profit attributable to owners of parent	1,729,329	1,704,968	△ 1.4

a. Revenue

The Group's revenue reached to ¥9,767 mil., up by 28.5% Year-on-Year (YoY). Overall trends were favorable as the impact from COVID-19 was limited and from the recovery in transactions at some merchants as well as the increased adoption of cashless payments. 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 ¥7,122 mil. (up 32.8% YoY), Money Service Business (MSB) revenue was ¥2,483 mil. (up 18.1% YoY) and Payment Enhancement Business revenue was ¥163 mil. (up 17.7% YoY). For details, please refer to page 5 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	Q1 FY2020 (From October 1, 2019 to December 31, 2019)	Q1 FY2021 (From October 1, 2020 to December 31, 2020)	Rate of change (%)
Initial (Initial revenue)	659,126	876,426	33.0
Stock (Fixed revenue)	1,359,316	1,522,927	12.0
Fee (Transaction processing revenue)	1,937,740	2,559,395	32.1
Spread (Merchant acquiring service revenue)	3,646,733	4,808,382	31.9
Total	7,602,916	9,767,132	28.5

b. Operating profit

Operating profit reached ¥3,122 mil., up by 48.3% 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 in the Money Service Business segment.

By segment, Payment Processing Business segment profit (operating profit) was ¥3,411 mil., up 36.3% YoY; Money Service Business segment profit (operating profit) stood at ¥489 mil., up 45.4% YoY; Payment Enhancement Business segment profit (operating operating) of ¥20 mil. (previous Q1 was segment loss of ¥1 mil.)

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 ¥3,038 mil., up 10.1% YoY. The reason the pre-tax profit growth rate of 10.1% YoY is lower than the operating profit growth rate of 48.3% YoY, is due to gains on investment partnerships of ¥223mil. that increased the financial income to ¥273mil. and equity method investment gains of ¥427mil. 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	Q1 FY2020 (From October 1, 2019 to December 31, 2019)	Q1 FY2021 (From October 1, 2020 to December 31, 2020)	Rate of change (%)
Payment Processing Business			
Revenue	5,363,714	7,122,180	32.8
Operating profit	2,502,263	3,411,105	36.3
Money Service Business			
Revenue	2,102,490	2,483,398	18.1
Operating profit	336,618	489,533	45.4
Payment Enhancement Business			
Revenue	139,243	163,822	17.7
Operating profit	△1,954	20,014	—
Adjustments			
Revenue	△2,532	△2,268	—
Operating profit (△=loss)	△731,555	△797,953	—
Total			
Revenue	7,602,916	9,767,132	28.5
Operating profit	2,105,372	3,122,699	48.3

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 the steadily expanding EC market.

The impact from the COVID-19 contagion was limited during the first quarter under review. In the online payment and recurring payment domain, revenues recovered at certain merchants with relatively high per-transaction-value that were adversely affected in the previous fiscal year, micropayments increased from the rising adoption of cashless payment, E-commerce (EC) market expanded and, transactions increased for digital content, public utilities and taxes. This led to the transaction value growing by 43.7% YoY and transaction volume growing by 51.5% YoY. Additionally, the new service “SMS Sentaku-Barai” (SMS Choice of Payment), a service to digitalize payment of electric power bills promoted by TEPCO Energy Partner, Inc., commenced during the first quarter, contributing to revenues in this segment.

In the offline domain, sales of payment terminals trended favorably by capturing demand for terminals for IC-chip embedded credit cards from the amendments to the Installment Sales Act, transactions increased on the payment terminals for the next generation payment platform “stera” and, projects related to the Unattended Market such as ticket machines and fare adjustment machines were secured, which is one of the target markets. As a result, segment revenues reached ¥7,122 mil., up 32.8% YoY and segment profit (operating profit) was ¥3,411 mil. up 36.3% 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 first 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, credit related costs were controlled at a certain level, leading to the steady growth in revenue and segment profit. Remittance service grew on the back of the increased demand for ticket refunds etc., from event cancellations due to COVID-19, and Early Payment service revenues also increased YoY during the first quarter under review. The lending service to overseas operators continues to make progress in securing new potential customers that can generate stable revenues in the future.

As a result, segment revenue reached ¥2,483 mil., up 18.1% YoY and segment profit (operating profit) reached ¥489 mil., up 45.4% YoY.

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 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 patient registration card on the smartphone, for multiple medical institutions that implement this service. This service' revenues increased 94.7% YoY from the heightened demand due to COVID-19, thereby contributing to the segment's revenue growth.

As a result of the above, segment revenue was ¥163 mil., up 17.7% YoY and segment profit (operating profit) was ¥20 mil. compared to the previous Q1 segment loss (operating loss) of ¥1 mil.

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 Medical Kakumei byGMO	GMO Payment Gateway, Inc. GMO Medical Reservations Technology Co., Ltd. (consolidated subsidiary)

(2) Status of consolidated financial position

Assets, liabilities and net assets

a. Assets

Total assets at the end of the consolidated first quarter under review increased by ¥18,454 mil. from the end of the previous fiscal year end to reach ¥210,476 mil. This is mainly due to an increase in advance payment of ¥13,332 mil., an increase in accrued revenues of ¥5,269 mil.

The Group has ¥3,350 mil. deposits to subsidiaries and affiliated companies included in the balance of cash and cash equivalents at the end of the consolidated first 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 Group's deposits to subsidiaries and affiliated companies stands at ¥5,350 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 after taking into account the number of days required for processing the application.

b. Liabilities

Balance of liabilities at the end of the consolidated first quarter under review stood at ¥178,793 mil., an increase of ¥20,223 mil. from the end of the previous consolidated fiscal year, mainly due to an increase in accrued expenses of ¥5,015 mil., an increase in deposits received of ¥15,549 mil.

c. Equity

Equity balance at the end of the consolidated first quarter under review was ¥31,683 mil., a decrease of ¥1,769 mil. from the end of the previous consolidated fiscal year. This was mainly due recording the quarterly net profit of ¥1,749 mil. and the conversion of convertible bond-type bonds with stock acquisition rights of ¥542 mil., which was partially offset by the decline in other comprehensive profit of ¥244 mil. and retained earnings of ¥3,826 mil. from dividend payouts.

② Status of consolidated cash flows

Cash and cash equivalents ("funds") at the end of the consolidated first quarter under review increased by ¥3,599 mil. versus the balance at the start of the term, to reach ¥99,430 mil. The state of cash flows over the first quarter under review is discussed below.

a. Cash flow from operating activities

Net funds provided by operating activities during the consolidated first quarter under review amounted to ¥3,026 mil., which compares to ¥16,985 mil. in net funds provided the same period of the previous year. This resulted from cash outflows from (i) an increase in advances paid of ¥13,332 mil., (ii) an increase in accrued revenues of ¥5,264 mil. (iii) corporate and income tax payment of ¥2,696 mil. which was offset by cash inflows of (i) profit before tax of ¥3,038 mil., (ii) increase in accrued expenses of ¥5,009 mil., and (iii) increase in deposits received of ¥15,494 mil.

b. Cash flow from investing activities

Net funds provided by investing activities during the consolidated first quarter under review totaled ¥3,789 mil., which compares to a net funds used of ¥963 mil. in the same period of the previous year. This is due to cash outflows from (i) acquisition of intangible assets of ¥340 mil., (ii) payment into deposits to subsidiaries and affiliated companies of ¥2,000 mil., which was offset by cash inflows from (i) proceeds from sale of investment securities of ¥489 mil. and (ii) proceeds from withdrawals from deposits to subsidiaries and affiliated companies of ¥5,000 mil.

c. Cash flow from financing activities

Net funds used by financing activities over the consolidated first quarter under review was ¥3,184 mil., which compares to net funds used of ¥2,952 mil. in the same period of the previous year. This is due to cash inflows from the net increase in short term borrowings of ¥1,000 mil. which was offset by net outflows from repayments of long-term borrowings of ¥200 mil., dividend payouts of ¥3,797 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 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. Furthermore, online migration of payments related to our daily life such as non-merchandise services, public utilities, taxes and public dues and medical expenses is progressing solidly. The consolidated subsidiary, GMO Financial Gate, Inc., which addresses the offline market, is contributing to expand of the Group's scope of business from the emerging business opportunities arising from the cashless promotions of various methods of payments including credits cards in the offline market.

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 impact from the COVID-19 contagion is thought to be minimal as of this writing. This is due to the continuing trends of cashless payments, online migration of payments, in addition to the business' characteristic of being resilient against macro-economic fluctuations due to the diverse base of merchant across various industries to which the services are provided to.

Revenue expansion is expected in all reportable segments from the continuing efforts to acquire large and high-growth merchants and financial institutions, order wins for large projects 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 Q1 of current consolidated fiscal year (December 31, 2020)
Assets			
Current assets			
Cash and cash equivalents	①	95,830,807	99,430,463
Operating and other receivables	②	10,782,296	10,401,411
Advances paid		31,039,748	44,372,189
Accrued revenue		23,585,142	28,854,269
Inventories		1,440,999	1,803,341
Deposits to subsidiaries and affiliates	③	5,000,000	—
Other financial assets		1,163,608	467,123
Other current assets		537,329	574,125
Total current assets		169,379,933	185,902,924
Non-current assets			
Tangible assets		3,714,793	4,123,446
Goodwill and other intangible assets		4,854,253	4,930,437
Investments accounted for using equity method		3,740,933	4,164,567
Operating and other payables	②	1,975,100	1,975,100
Deposits to subsidiaries and affiliates	③	—	2,000,000
Other financial assets		6,711,766	5,524,219
Deferred Tax Assets		1,530,494	1,747,385
Other non-current assets		115,346	108,737
Total non-current assets		22,642,689	24,573,894
Total assets		192,022,622	210,476,818

		(Unit: Thousand yen)	
	Notes	End of previous consolidated fiscal year (September 30, 2020)	End of Q1 of current consolidated fiscal year (December 31, 2020)
Liabilities and equity			
Liabilities			
Current liabilities			
Operating and other payables		4,296,647	5,365,538
Accrued expenses		19,385,695	24,401,442
Deposits received		87,059,213	102,608,490
Borrowings		18,800,400	19,731,700
Other financial liabilities		400,217	591,404
Income taxes payable, etc.		2,491,098	1,176,497
Provisions		352,812	342,545
Other current liabilities		3,383,652	2,627,483
Total current liabilities		136,169,737	156,845,103
Non-current liabilities			
Corporate bonds		16,814,650	16,296,202
Borrowings		131,400	—
Other financial liabilities		3,013,338	3,226,608
Provision		260,843	260,927
Deferred tax liabilities		54,170	50,467
Other non-current liabilities		2,124,966	2,113,768
Total non-current liabilities		22,399,369	21,947,974
Total liabilities		158,569,106	178,793,077
Equity			
Capital stock		4,712,900	4,987,190
Capital surplus		5,675,561	5,996,247
Retained earnings		20,725,465	18,934,575
Treasury stock		△1,149,341	△1,150,687
Other items of equity		1,769,560	1,195,810
Total equity attributable to owners of parent		31,734,145	29,963,136
Minority interests		1,719,369	1,720,604
Total equity		33,453,515	31,683,740
Total liabilities and equity		192,022,622	210,476,818

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

Condensed consolidated statement of income

		(Unit: Thousand yen)	
	Notes	Q1 FY2020 (From October 1, 2019 to December 31, 2019)	Q1 FY2021 (From October 1, 2020 to December 31, 2020)
Continuing Operations			
Revenue		7,602,916	9,767,132
Cost of revenue		△2,113,410	△2,817,258
Gross profit		5,489,505	6,949,873
Other income		32,765	49,757
Selling, general and administrative expenses		△3,413,939	△3,872,313
Other expense		△2,958	△4,618
Operating profit		2,105,372	3,122,699
Financial income		273,861	7,812
Financial expense		△47,857	△69,946
Equity method investment gains or loss		427,402	△21,909
Profit before income taxes		2,758,778	3,038,656
Income tax expenses		△970,822	△1,289,469
Profit from continuing operations		1,787,955	1,749,186
Discontinued Operations			
Profit/Loss from discontinued operations (△=loss)		△33,342	—
Quarterly profit		1,754,613	1,749,186
Profit attributable to			
Owners of parent		1,729,329	1,704,968
Non-controlling interests		25,283	44,217
Profit		1,754,613	1,749,186
Earnings per share			
Basic earnings per share (yen) (△=loss)			
Continuing operations		23.80	23.16
Discontinuing operations		△0.29	—
Total		23.51	23.16
Diluted earnings per share (yen) (△=loss)			
Continuing operations		23.24	22.52
Discontinuing operations		△0.28	—
Total		22.95	22.52

Condensed consolidated statement of comprehensive income

(Unit: Thousand yen)

	Notes	Q1 FY2020 (From October 1, 2019 to December 31, 2019)	Q1 FY2021 (From October 1, 2020 to December 31, 2020)
Profit		1,754,613	1,749,186
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Fair value of financial assets measured through other comprehensive income		△ 70,311	△ 463,097
Shares of other comprehensive income of equity method affiliates		250,627	316,844
Total of Items that will not be reclassified to profit or loss		180,315	△ 146,252
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		41,113	△ 67,340
Shares of other comprehensive income of equity method affiliates		13,270	△ 31,264
Total of items that will be reclassified to profit or loss		54,383	△ 98,604
Other comprehensive income after income taxes		234,699	△ 244,857
Comprehensive income		1,989,312	1,504,328
Comprehensive income attributable to			
Owners of parent		1,968,122	1,461,871
Non-controlling interests		21,190	42,457
Total		1,989,312	1,504,328

(3) Condensed consolidated statement of changes in equity

First quarter of the previous consolidated fiscal year (From October 1, 2019 to December 31, 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 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	—	—	1,729,329	—	—	1,729,329	25,283	1,754,613
Other comprehensive income	—	—	—	—	238,792	238,792	△4,093	234,699
Quarterly comprehensive income	—	—	1,729,329	—	238,792	1,968,122	21,190	1,989,312
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	—	28,055	—	—	△22	28,032	4,870	32,902
Changes in the interest in controlled subsidiary	—	△9,528	—	—	—	△9,528	—	△9,528
Other increase/decrease	—	—	—	—	△313	△313	—	△313
Total transactions with owners	—	18,526	△2,622,433	—	△26,125	△2,630,031	4,870	△2,625,161
Balance as of December 31, 2019	4,712,900	5,866,006	14,894,096	△1,181,846	1,444,322	25,735,480	1,031,753	26,767,233

First quarter of the current consolidated fiscal year (From October 1, 2020 to December 31, 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 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	—	—	1,704,968	—	—	1,704,968	44,217	1,749,186
Other comprehensive income	—	—	—	—	△243,097	△243,097	△1,759	△244,857
Quarterly comprehensive income	—	—	1,704,968	—	△243,097	1,461,871	42,457	1,504,328
Purchase of treasury stock	—	—	—	△1,345	—	△1,345	—	△1,345
Dividends	—	—	△3,826,483	—	—	△3,826,483	—	△3,826,483
Dividends paid to non-controlling interests	—	—	—	—	—	—	△63,671	△63,671
Conversion of convertible bond-type bonds with stock acquisition rights	274,290	268,699	—	—	—	542,989	—	542,989
Transfer from other items of equity to retained earnings	—	—	330,624	—	△330,624	—	—	—
Share-based payment transaction	—	26,971	—	—	△28	26,943	—	26,943
Changes in the interest in controlled subsidiary	—	△10,313	—	—	—	△10,313	22,448	12,135
Changes in ownership interest in associates	—	35,329	—	—	—	35,329	—	35,329
Total transactions with owners	274,290	320,686	△3,495,859	△1,345	△330,652	△3,232,880	△41,222	△3,274,103
Balance as of December 31, 2020	4,987,190	5,996,247	18,934,575	△1,150,687	1,195,810	29,963,136	1,720,604	31,683,740

(4) Condensed consolidated statement of cash flows

(Unit: Thousand yen)

	Notes	Q1 FY2020 (From October 1, 2019 to December 31, 2019)	Q1 FY2021 (From October 1, 2020 to December 31, 2020)
Net cash provided by (used in) operating activities			
Profit before income taxes		2,758,778	3,038,656
Profit before income taxes from discontinued operations (Δ =loss)		Δ 29,934	—
Depreciation & Amortization		356,193	445,134
Impairment Loss		54,125	—
Financial income and expense		Δ 220,936	62,134
Equity method investment gain/loss (Δ =increase)		Δ 427,402	21,909
Increase/decrease in inventories (Δ =increase)		23,107	Δ 362,341
Increase/decrease in operating and other receivables (Δ =increase)		448,863	382,960
In/Decrease in advances paid (Δ =increase)		Δ 6,690,419	Δ 13,332,440
Accrued revenues (Δ =increase)		Δ 5,591,958	Δ 5,264,412
In/Decrease in operating payables (Δ =decrease)		577,494	1,069,054
In/Decrease in accrued expenses (Δ =decrease)		5,401,424	5,009,381
In/Decrease in deposits received (Δ =decrease)		21,947,537	15,494,512
In/Decrease in other current liabilities(Δ =decrease)		161,646	Δ 783,490
Other		Δ 2,886	Δ 32,146
Subtotal		18,765,632	5,748,912
Interest and dividends received		10,699	7,812
Interest paid		Δ 41,032	Δ 33,678
Income taxes paid		Δ 1,749,884	Δ 2,696,454
Net cash provided by (used in) operating activities		16,985,415	3,026,591
Net cash provided by (used in) investing activities			
Purchase of property, plants and equipment		Δ 191,343	Δ 46,012
Purchase of intangible assets		Δ 398,531	Δ 340,758
Purchase of investment securities		Δ 356,914	Δ 731
Proceeds from sale of investment securities		—	489,922
Proceeds from redemption of investments partnerships		118,757	29,960
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 76,337	Δ 67
Proceeds from sales of other financial assets		4,646	700,164
Others		Δ 64,094	Δ 42,866
Net cash provided by (used in) investing activities		Δ 963,816	3,789,610

(Unit: Thousand yen)			
	Notes	Q1 FY2020 (From October 1, 2019 to December 31, 2019)	Q1 FY2021 (From October 1, 2020 to December 31, 2020)
Net cash provided by (used in) financing activities			
In/Decrease in short-term borrowings (△=decrease)		—	1,000,000
Repayment of long-term borrowings		△200,100	△200,100
Payment for stock buyback		—	△1,345
Dividends paid		△2,634,495	△3,797,895
Dividends paid to non-controlling interests		—	△63,671
Capital contributions from non-controlling interests		—	26,478
Other		△117,465	△147,901
Net cash provided by (used in) financing activities		△2,952,060	△3,184,435
Effect of exchange rate changes on cash and cash equivalents		56,335	△32,109
Increase and decrease in cash and cash equivalents (△=decrease)		13,125,873	3,599,656
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	65,139,321	99,430,463

(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 Q1 of current consolidated fiscal year December 31, 2020)
Cash and cash equivalents	94,880,807	96,080,463
Deposits to subsidiaries and affiliates	950,000	3,350,000
Total	95,830,807	99,430,463

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 Q1 of current consolidated fiscal year December 31, 2020)
Accounts receivable - trade	5,187,311	6,141,389
Operating loans	6,040,284	4,703,462
Other	1,628,262	1,631,483
Allowance for doubtful accounts	△98,461	△99,824
Total	12,757,396	12,376,511
Current assets	10,782,296	10,401,411
Non-current assets	1,975,100	1,975,100
Total	12,757,396	12,376,511

③ Deposits to subsidiaries and affiliates

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